



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

### Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

### About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>





FROM THE LIBRARY OF  
**Professor Karl Heinrich Rau**  
OF THE UNIVERSITY OF HEIDELBERG

PRESENTED TO THE  
UNIVERSITY OF MICHIGAN  
BY

**Mr. Philo Parsons**

OF DETROIT

1871

H B

161

.S. 642

1801









Gift



10999

AN  
INQUIRY  
INTO THE  
NATURE AND CAUSES  
OF THE  
WEALTH OF NATIONS.



BY  
ADAM SMITH, L. L. D.  
AND F. R. S. OF LONDON AND EDINBURGH :  
ONE OF THE COMMISSIONERS OF HIS MAJESTY'S CUSTOMS  
IN SCOTLAND;  
AND FORMERLY PROFESSOR OF MORAL PHILOSOPHY  
IN THE UNIVERSITY OF GLASGOW.

VOL. IV.

---

BASIL:  
Printed and sold by JAMES DECKER.  
PARIS, sold by LEVRAULT FRERES, Quai Malaquais  
1801.





**C O N T E N T S**  
**O F T H E**  
**F O U R T H V O L U M E.**

---

**B O O K V.**

**C H A P. I.**

**PART III.** *Of the Expense of public Works  
and public Institutions* Page 1

**ARTICLE 1st.** *Of the public Works and In-  
stitutions for facilitating the Commerce of  
Society. 1st, For facilitating the General  
Commerce of the Society. 2dly, for Facilit-  
ating particular Branches of Commerce* 2

**ARTICLE 2d.** *Of the Expense of the Institu-  
tions for the Education of Youth* 59

**ARTICLE 3d.** *Of the Expense of the Institu-  
tions for the Instruction of People of all Ages* 101

<b>PART IV.</b> <i>Of the Expense of supporting the Dignity of the Sovereign</i>	Page 146
<i>Conclusion of the Chapter</i>	147

## CHAP. II.

<i>Of the Sources of the general or public Revenue of the Society</i>	150
---	-----

<b>PART I.</b> <i>Of the Funds or Sources of Revenue which may peculiarly belong to the Sovereign or Commonwealth</i>	ibid.
---	-------

<b>PART II.</b> <i>Of Taxes</i>	164
---------------------------------	-----

<b>ARTICLE 1st.</b> <i>Taxes upon Rent; Taxes upon the Rent of Land</i>	168
---	-----

<i>Taxes which are proportioned, not to the Rent, but to the Produce of Land</i>	183
--	-----

<i>Taxes upon the Rent of Houses</i>	189
--------------------------------------	-----

<b>ARTICLE 2d.</b> <i>Taxes upon Profit, or upon the Revenue arising from Stock</i>	201
---	-----

<i>Taxes upon the Profit of particular Employments</i>	210
--	-----

## C O N T E N T S.

APPENDIX TO ARTICLES 1st and 2d. <i>Taxes upon the Capital Value of Lands, Houses, and Stock</i>	Page 220
--	----------

ARTICLE 3d. <i>Taxes upon the Wages of Labor</i>	230
--	-----

ARTICLE 4th. <i>Taxes which, it is intended, should fall indifferently upon every different Species of Revenue</i>	236
--	-----

<i>Capitation Taxes</i>	ibid.
-------------------------	-------

<i>Taxes upon consumable Commodities</i>	240
--	-----

## C H A P. III.

<i>Of public Debts</i>	303
------------------------	-----

AN



AN  
INQUIRY  
INTO THE  
NATURE AND CAUSES  
OF THE  
WEALTH OF NATIONS.

---

BOOK V.

CHAP. I.

PART. III.

*Of the Expense of public Works and public  
Institutions.*

THE third and last duty of the sovereign or commonwealth is that of erecting and maintaining those public institutions and those public works, which, though they may be in the highest degree advantageous to a great society, are, however, of such a nature that the profit could never repay the expense to any individual or small number of individuals, and which it therefore cannot be expected that any individual or small

## 2 THE NATURE AND CAUSES OF

number of individuals should erect or maintain. The performance of this duty requires too very different degrees of expense in the different periods of society.

After the public institutions and public works necessary for the defence of the society, and for the administration of justice, both of which have already been mentioned, the other works and institutions of this kind are chiefly those for facilitating the commerce of the society, and those for promoting the instruction of the people. The institutions for instruction are of two kinds; those for the education of the youth, and those for the instruction of people of all ages. The consideration of the manner in which the expense of those different sorts of public works and institutions may be most properly defrayed, will divide this third part of the present chapter into three different articles.

### ARTICLE I.

*Of the public Works and Institutions for facilitating the Commerce of the Society.*

*And, first, of those which are necessary for facilitating Commerce in General.*

THE erection and maintenance of the public works which facilitate the commerce of any country, such as good roads, bridges, navigable canals, harbours, &c. must require very

different degrees of expense in the different periods of society, is evident without any proof. The expense of making and maintaining the public roads of any country must evidently increase with the annual produce of the land and labor of that country, or with the quantity and weight of the goods which it becomes necessary to fetch and carry upon those roads. The strength of a bridge must be suited to the number and weight of the carriages, which are likely to pass over it. The depth and the supply of water for a navigable canal must be proportioned to the number and tunnage of the lighters, which are likely to carry goods upon it; the extent of a harbour to the number of the shipping which are likely to take shelter in it.

It does not seem necessary that the expense of those public works should be defrayed from that public revenue, as it is commonly called, of which the collection and application is in most countries assigned to the executive power. The greater part of such public works may easily be so managed, as to afford a particular revenue sufficient for defraying their own expense, without bringing any burden upon the general revenue of the society.

A highway, a bridge, a navigable canal, for example, may in most cases be both made and maintained by a small toll upon the carriages which make use of them: a harbour, by a moderate port-duty upon the tunnage of the shipping which load or unload in it. The coinage,



#### 4 THE NATURE AND CAUSES OF

another institution for facilitating commerce, in many countries, not only defrays its own expense, but affords a small revenue or seignorage to the sovereign. The post-office, another institution for the same purpose, over and above defraying its own expense, affords in almost all countries a very considerable revenue to the sovereign.

When the carriages which pass over a highway or a bridge, and the lighters which sail upon a navigable canal, pay toll in proportion to their weight or their tunnage, they pay for the maintenance of those public works exactly in proportion to the wear and tear which they occasion of them. It seems scarce possible to invent a more equitable way of maintaining such works. This tax or toll too, though it is advanced by the carrier, is finally paid by the consumer, to whom it must always be charged in the price of the goods. As the expense of carriage, however, is very much reduced by means of such public works, the goods, notwithstanding the toll, come cheaper to the consumer than they could otherwise have done; their price not being so much raised by the toll, as it is lowered by the cheapness of the carriage. The person who finally pays this tax, therefore, gains by the application, more than he loses by the payment of it. His payment is exactly in proportion to his gain. It is in reality no more than a part of that pain which he is obliged to give up in order to get the rest. It seems impossible to imagine a more equitable method of raising a tax.

When the toll upon carriages of luxury, upon coaches, post-chaifes, &c. is made somewhat higher in proportion to their weight, than upon carriages of necessary use, such as carts, waggons, &c. the indolence and vanity of the rich is made to contribute in a very easy manner to the relief of the poor, by rendering cheaper the transportation of heavy goods to all the different parts of the country.

When high roads, bridges, canals, &c. are in this manner made and supported by the commerce which is carried on by means of them, they can be made only where that commerce requires them, and consequently where it is proper to make them. Their expense too, their grandeur and magnificence, must be suited to what that commerce can afford to pay. They must be made consequently as it is proper to make them. A magnificent high road cannot be made through a desert country where there is little or no commerce, or merely because it happens to lead to the country villa of the intendant of the province; or to that of some great lord to whom the intendant finds it convenient to make his court. A great bridge cannot be thrown over a river at a place where nobody passes, or merely to embellish the view from the windows of a neighbouring palace: things which sometimes happen, in countries where works of this kind are carried on by any other revenue than that which they themselves are capable of affording.

In several different parts of Europe the toll or lock-duty upon a canal is the property of private persons, whose private interest obliges

## 6 THE NATURE AND CAUSES OF

them to keep up the canal. If it is not kept in tolerable order, the navigation necessarily ceases altogether, and along with it the whole profit which they can make by the tolls. If those tolls were put under the management of commissioners, who had themselves no interest in them, they might be less attentive to the maintenance of the works which produced them. The canal of Languedoc cost the king of France and the province upwards of thirteen millions of livres, which (at twenty-eight livres the mark of silver, the value of French money in the end of the last century) amounted to upwards of nine hundred thousand pounds sterling. When that great work was finished, the most likely method, it was found, of keeping it in constant repair was to make a present of the tolls to Riquet the engineer, who planned and conducted the work. Those tolls constitute at present a very large estate to the different branches of the family of that gentleman, who have, therefore, a great interest to keep the work in constant repair. But had those tolls been put under the management of commissioners, who had no such interest, they might perhaps have been dissipated in ornamental and unnecessary expenses, while the most essential parts of the work were allowed to go to ruin.

The tolls for the maintenance of a high road, cannot with any safety be made the property of private persons. A high road, though entirely neglected, does not become altogether impassable, though a canal does. The proprietors of the tolls upon a high road, therefore, might neglect

## THE WEALTH OF NATIONS.

7

altogether the repair of the road, and yet continue to levy very nearly the same tolls. It is proper, therefore, that the tolls for the maintenance of such a work should be put under the management of commissioners or trustees.

In Great Britain, the abuses which the trustees have committed in the management of those tolls, have in many cases been very justly complained of. At many turnpikes, it has been said, the money levied is more than double of what is necessary for executing, in the completest manner, the work which is often executed in a very slovenly manner, and sometimes not executed at all. The system of repairing the high roads by tolls of this kind, it must be observed, is not of very long standing. We should not wonder, therefore, if it has not yet been brought to that degree of perfection of which it seems capable. If mean and improper persons are frequently appointed trustees; and if proper courts of inspection and account have not yet been established for controlling their conduct, and for reducing the tolls to what is barely sufficient for executing the work to be done by them; the recency of the institution both accounts and apologizes for those defects, of which, by the wisdom of parliament, the greater part may in due time be gradually remitted.

The money levied at the different turnpikes in Great Britain is supposed to exceed so much what is necessary for repairing the roads, that the savings, which, with proper œconomy, might be made from it, have been considered, even by some ministers, as a very great resource which might at

## 8 THE NATURE AND CAUSES OF

some time or another be applied to the exigencies of the state. Government, it has been said, by taking the management of the turnpikes into its own hands, and by employing the soldiers, who would work for a very small addition to their pay, could keep the roads in good order at a much less expense than it can be done by trustees, who have no other workmen to employ, but such as derive their whole subsistence from their wages. A great revenue, half a million, perhaps\*, it has been pretended, might in this manner be gained without laying any new burden upon the people; and the turnpike roads might be made to contribute to the general expense of the state, in the same manner as the post-office does at present.

That a considerable revenue might be gained in this manner, I have no doubt, though probably not near so much, as the projectors of this plan have supposed. The plan itself, however, seems liable to several very important objections.

First, if the tolls which are levied at the turnpikes should ever be considered as one of the resources for supplying the exigencies of the state, they would certainly be augmented as those exigencies were supposed to require. According to the policy of Great Britain, therefore, they

\* Since publishing the two first editions of this book, I have got good reasons to believe that all the turnpike tolls levied in Great Britain do not produce a neat revenue that amounts to half a million; a sum which, under the management of Government, would not be sufficient to keep in repair five of the principal roads in the kingdom.

would probably be augmented very fast. The facility with which a great revenue could be drawn from them, would probably encourage administration to recur very frequently to this resource. Though it may, perhaps, be more than doubtful, whether half a million could by any œconomy be saved out of the present tolls, it can scarce be doubted but that a million might be saved out of them, if they were doubled; and perhaps two millions, if they were tripled\*. This great revenue too might be levied without the appointment of a single new officer to collect and receive it. But the turnpike tolls being continually augmented in this manner, instead of facilitating the inland commerce of the country, as at present, would soon become a very great encumbrance upon it. The expense of transporting all heavy goods from one part of the country to another would soon be so much increased; the market for all such goods, consequently, would soon be so much narrowed; that their production would be in a great measure discouraged, and the most important branches of the domestic industry of the country annihilated altogether.

Secondly, a tax upon carriages in proportion to their weight, though a very equal tax when applied to the sole purpose of repairing the roads, is a very unequal one, when applied to any other purpose, or to supply the common exigencies of the state. When it is applied to the sole purpose

\* I have now good reasons to believe that all these conjectural sums are by much too large,

## 10 THE NATURE AND CAUSES OF

above mentioned, each carriage is supposed to pay exactly for the wear and tear which that carriage occasions of the roads. But when it is applied to any other purpose, each carriage is supposed to pay for more than that wear and tear, and contributes to the supply of some other exigency of the state. But as the turnpike toll raises the price of goods in proportion to their weight, and not to their value, it is chiefly paid by the consumers of coarse and bulky, not by those of precious and light commodities. Whatever exigency of the state, therefore, this tax might be intended to supply, that exigency would be chiefly supplied at the expense of the poor, not of the rich; at the expense of those who are least able to supply it, not of those who are most able.

Thirdly, if government should at any time neglect the reparation of the high roads, it would be still more difficult, than it is at present, to compel the proper application of any part of the turnpike tolls. A large revenue might thus be levied upon the people, without any part of it being applied to the only purpose to which a revenue levied in this manner ought ever to be applied. If the meanness and poverty of the trustees of turnpike roads render it sometimes difficult at present to oblige them to repair their wrong; their wealth and greatness would render it ten times more so in the case which is here supposed.

In France, the funds destined for the reparation of the high roads are under the immediate direction of the executive power. Those funds consist,



partly in a certain number of days labor which the country people are in most parts of Europe obliged to give to the reparation of the highways; and partly in such a portion of the general revenue of the state as the king chuses to spare from his other expenses.

By the ancient law of France, as well as by that of most other parts of Europe, the labor of the country people was under the direction of a local or provincial magistracy, which had no immediate dependency upon the king's council. But by the present practice both the labor of the country people, and whatever other fund the king may chuse to assign for the reparation of the high roads in any particular province or generality, are entirely under the management of the intendant; an officer who is appointed and removed by the king's council, who receives his orders from it, and is in constant correspondence with it. In the progress of despotism the authority of the executive power gradually absorbs that of every other power in the state, and assumes to itself the management of every branch of revenue which is destined for any public purpose. In France, however, the great post-roads, the roads which make the communication between the principal towns of the kingdom, are in general kept in good order; and in some provinces are even a good deal superior to the greater part of the turnpike roads of England. But what we call the cross-roads, that is, the far greater part of the roads in the country, are entirely neglected, and are in many places absolutely

impassable for any heavy carriage. In some places it is even dangerous to travel on horseback, and mules are the only conveyance which can safely be trusted. The proud minister of an ostentatious court may frequently take pleasure in executing a work of splendor and magnificence, such as a great highway, which is frequently seen by the principal nobility, whose applauses not only flatter his vanity, but even contribute to support his interest at court. But to execute a great number of little works, in which nothing that can be done can make any great appearance, or excite the smallest degree of admiration in any traveller, and which, in short, have nothing to recommend them but their extreme utility, is a business which appears in every respect too mean and paltry to merit the attention of so great a magistrate. Under such an administration, therefore, such works are almost always entirely neglected.

In China, and in several other governments of Asia, the executive power charges itself both with the reparation of the high roads, and with the maintenance of the navigable canals. In the instructions which are given to the governor of each province, those objects, it is said, are constantly recommended to him, and the judgment which the court forms of his conduct is very much regulated by the attention which he appears to have paid to this part of his instructions. This branch of public police accordingly is said to be very much attended to in all those countries, but particularly in

China, where the high roads, and still more the navigable canals, it is pretended, exceed very much every thing of the same kind which is known in Europe. The accounts of those works, however, which have been transmitted to Europe, have generally, been drawn up by weak and wondering travellers; frequently by stupid and lying missionaries. If they had been examined by more intelligent eyes, and if the accounts of them had been reported by more faithful witnesses, they would not, perhaps, appear to be so wonderful. The account which Bernier gives of some works of this kind in Indostan, falls very much short of what had been reported of them by other travellers, more disposed to the marvellous than he was. It may too, perhaps, be in those countries, as it is in France, where the great roads, the great communications which are likely to be the subjects of conversation at the court and in the capital, are attended to, and all the rest neglected. In China, besides, in Indostan, and in several other governments of Asia, the revenue of the sovereign arises almost altogether from a land-tax or land-rent, which rises or falls with the rise and fall of the annual produce of the land. The great interest of the sovereign, therefore, his revenue, is in such countries necessarily and immediately connected with the cultivation of the land, with the greatness of its produce, and with the value of its produce. But in order to render that produce both as great and as valuable as possible, it is necessary to procure to it as extensive a market as possible, and

## 14 THE NATURE AND CAUSES OF

consequently to establish the freest, the easiest, and the least expensive communication between all the different parts of the country; which can be done only by means of the best roads and the best navigable canals. But the revenue of the sovereign does not, in any part of Europe, arise chiefly from a land-tax or land-rent. In all the great kingdoms of Europe, perhaps, the greater part of it may ultimately depend upon the produce of the land: But that dependency is neither so immediate, nor so evident. In Europe, therefore, the sovereign does not feel himself so directly called upon to promote the increase, both in quantity and value, of the produce of the land, or, by maintaining good roads and canals, to provide the most extensive market for that produce. Though it should be true, therefore, what I apprehend is not a little doubtful, that in some parts of Asia this department of the public police is very properly managed by the executive power, there is not the least probability that, during the present state of things, it could be tolerably managed by that power in any part of Europe.

Even those public works which are of such a nature that they cannot afford any revenue for maintaining themselves, but of which the convenience is nearly confined to some particular place or district, are always better maintained by a local or provincial revenue, under the management of a local and provincial administration, than by the general revenue of the state, of which the

executive power must always have the management. Were the streets of London to be lighted and paved at the expense of the treasury, is there any probability that they would be so well lighted and paved as they are at present, or even at so small an expense? The expense, besides, instead of being raised by a local tax upon the inhabitants of each particular street, parish, or district in London, would, in this case, be defrayed out of the general revenue of the state, and would consequently be raised by a tax upon all the inhabitants of the kingdom, of whom the greater part derive no sort of benefit from the lighting and paving of the streets of London.

The abuses which sometimes creep into the local and provincial administration of a local and provincial revenue, how enormous soever they may appear, are in reality, however, almost always very trifling, in comparison of those which commonly take place in the administration and expenditure of the revenue of a great empire. They are, besides, much more easily corrected. Under the local or provincial administration of the justices of the peace in Great Britain, the six days labor which the country people are obliged to give to the reparation of the highways, is not always perhaps very judiciously applied, but it is scarce ever exacted with any circumstance of cruelty or oppression. In France, under the administration of the intendants, the application is not always more judicious, and the exaction is frequently the most cruel and oppressive. Such *corvées*, as they are

called, make one of the principal instruments of tyranny by which those officers chastise any parish or communauté which has had the misfortune to fall under their displeasure.

*Of the Public Works and Institutions which are necessary for facilitating particular Branches of Commerce.*

THE object of the public works and institutions above mentioned is to facilitate commerce in general. But in order to facilitate some particular branches of it, particular institutions are necessary, which again require a particular and extraordinary expense.

Some particular branches of commerce, which are carried on with barbarous and uncivilized nations, require extraordinary protection. An ordinary store or counting-house could give little security to the goods of the merchants who trade to the western coast of Africa. To defend them from the barbarous natives, it is necessary that the place where they are deposited, should be, in some measure, fortified. The disorders in the government of Indostan have been supposed to render a like precaution necessary even among that mild and gentle people; and it was under pretence of securing their persons and property from violence, that both the English and French East India Companies were allowed to erect the first forts which they possessed in that country. Among other nations, whose vigorous government will suffer no strangers to possess  
any

any fortified place within their territory, it may be necessary to maintain some ambassador, minister, or consul, who may both decide, according to their own customs, the differences arising among his own countrymen; and, in their disputes with the natives, may, by means of his public character, interfere with more authority, and afford them a more powerful protection, than they could expect from any private man. The interests of commerce have frequently made it necessary to maintain ministers in foreign countries, where the purposes, either of war or alliance, would not have required any. The commerce of the Turkey Company first occasioned the establishment of an ordinary ambassador at Constantinople. The first English embassies to Russia arose altogether from commercial interests. The constant interference which those interests necessarily occasioned between the subjects of the different states of Europe, has probably introduced the custom of keeping, in all neighbouring countries, ambassadors or ministers constantly resident even in the time of peace. This custom, unknown to ancient times, seems not to be older than the end of the fifteenth or beginning of the sixteenth century; that is, than the time when commerce first began to extend itself to the greater part of the nations of Europe and when they first began to attend to its interests.

It seems not unreasonable, that the extraordinary expense, which the protection of any particular branch of commerce may occasion,

*W. of N.* 4.

2



## 18 THE NATURE AND CAUSES OF

should be defrayed by a moderate tax upon that particular branch; by a moderate fine, for example, to be paid by the traders when they first enter into it, or, what is more equal, by a particular duty of so much per cent. upon the goods which they either import into, or export out of, the particular countries with which it is carried on. The protection of trade in general, from pirates and freebooters, is said to have given occasion to the first institution of the duties of customs. But, if it was thought reasonable to lay a general tax upon trade, in order to defray the expense of protecting trade in general, it should seem equally reasonable to lay a particular tax upon a particular branch of trade, in order to defray the extraordinary expense of protecting that branch.

The protection of trade in general has always been considered as essential to the defence of the commonwealth, and, upon that account, a necessary part of the duty of the executive power. The collection and application of the general duties of customs, therefore, have always been left to that power. But the protection of any particular branch of trade is a part of the general protection of trade; a part, therefore, of the duty of that power; and if nations always acted consistently; the particular duties levied for the purposes of such particular protection, should always have been left equally to its disposal. But in this respect, as well as in many others, nations have not always acted consistently; and in the greater part of the commercial states of Europe, particular companies of merchants have had

the address to persuade the legislature to intrust to them the performance of this part of the duty of the sovereign, together with all the powers which are necessarily connected with it.

These companies, though they may, perhaps, have been useful for the first introduction of some branches of commerce, by making, at their own expense, an experiment which the state might not think it prudent to make, have in the long-run proved, universally, either burdensome or useless, and have either mismanaged or confined the trade.

When those companies do not trade upon a joint stock, but are obliged to admit any person, properly qualified, upon paying a certain fine, and agreeing to submit to the regulations of the company, each member trading upon his own stock, and at his own risk, they are called regulated companies. When they trade upon a joint stock, each member sharing in the common profit or loss in proportion to his share in this stock, they are called joint stock companies. Such companies, whether regulated or joint stock, sometimes have, and sometimes have not exclusive privileges.

Regulated companies resemble, in every respect, the corporations of trades, so common in the cities and towns of all the different countries of Europe; and are a sort of enlarged monopolies of the same kind. As no inhabitant of a town can exercise an incorporated trade, without first obtaining his freedom in the corporation, so in most cases no subject of the state can lawfully carry on any branch of foreign trade, for

## 20 THE NATURE AND CAUSES OF

which a regulated company is established, without first becoming a member of that company. The monopoly is more or less strict according as the terms of admission are more or less difficult; and according as the directors of the company have more or less authority, or have it more or less in their power to manage in such a manner as to confine the greater part of the trade to themselves, and their particular friends. In the most ancient regulated companies the privileges of apprenticeship were the same as in other corporations; and entitled the person who had served his time to a member of the company, to become himself a member, either without paying any fine, or upon paying a much smaller one than what was exacted of other people. The usual corporation spirit, wherever the law does not restrain it, prevails in all regulated companies. When they have been allowed to act according to their natural genius, they have always, in order to confine the competition to as small a number of persons as possible, endeavoured to subject the trade to many burdensome regulations. When the law has restrained them from doing this, they have become altogether useless and insignificant.

The regulated companies for foreign commerce, which at present subsist in Great Britain, are, the ancient merchant adventurers company, now commonly called the *Hamburgh Company*, the *Russia Company*, the *Eastland Company*, the *Turkey Company*, and the *African Company*.

The terms of admission into the **Hamburgh Company**, are now said to be quite easy, and the directors either have it not in their power to subject the trade to any burdensome restraint or regulations, or, at least, have not of late exercised that power. It has not always been so. About the middle of the last century, the fine for admission was fifty, and at one time one hundred pounds, and the conduct of the company was said to be extremely oppressive. In 1643, in 1645, and in 1661, the clothiers and free traders of the West of England complained of them to parliament, as of monopolists who confined the trade and oppressed the manufactures of the country. Though those complaints produced no act of parliament, they had probably intimidated the company so far, as to oblige them to reform their conduct. Since that time, at least, there has been no complaint against them. By the 10th and 11th of William III. c. 6. the fine for admission into the **Russian Company** was reduced to five pounds; and by the 25th of Charles II. c. 7. that for admission into the **Eastland Company**, to forty shillings, while, at the same time, Sweden, Denmark and Norway, all the countries on the north-side of the Baltic, were exempted from their exclusive charter. The conduct of those companies had probably given occasion to those two acts of parliament. Before that time, Sir Josiah Child had represented both these and the **Hamburgh Company** as extremely oppressive, and imputed to their bad management the low state of the trade, which

## 92 THE NATURE AND CAUSES OF

we at that time carried on to the countries comprehended within their respective charters. But though such companies may not, in the present times, be very oppressive, they are certainly altogether useless. To be merely useless, indeed, is perhaps the highest eulogy which can ever justly be bestowed upon a regulated company; and all the three companies above mentioned seem, in their present state, to deserve this eulogy.

The fine for admission into the Turkey Company, was formerly twenty-five pounds for all persons under twenty-six years of age, and fifty pounds for all persons above that age. Nobody but mere merchants could be admitted; a restriction which excluded all shop-keepers and retailers. By a bye-law, no British manufactures, could be exported to Turkey but in the general ships of the company; and as those ships sailed always from the port of London, this restriction confined the trade to that expensive port, and the traders, to those who lived in London and in its neighbourhood. By another bye-law, no person living within twenty miles of London, and not free of the city, could be admitted a member; another restriction, which, joined to the foregoing, necessarily excluded all but the freemen of London. As the time for the loading and sailing of those general ships depended altogether upon the directors, they could easily fill them with their own goods and those of their particular friends, to the exclusion of others, who, they might pretend, had made their proposals too late. In this state of things, therefore,

this company was in every respect a strict and oppressive monopoly. Those abuses gave occasion to the act of the 26th of George II. c. 18. reducing the fine for admission to twenty pounds for all persons, without any distinction of ages, or any restriction, either to mere merchants, or to the freemen of London; and granting to all such persons the liberty of exporting, from all the ports of Great Britain to any port in Turkey, all British goods of which the exportation was not prohibited; and of importing from thence all Turkish goods, of which the importation was not prohibited, upon paying both the general duties of customs, and the particular duties assessed for defraying the necessary expenses of the company; and submitting, at the same time, to the lawful authority of the British ambassador and consuls resident in Turkey, and to the bye-laws of the company duly enacted. To prevent any oppression by those bye-laws, it was by the same act ordained, that if any seven members of the company conceived themselves aggrieved by any bye-law which should be enacted after the passing of this act, they might appeal to the Board of Trade and Plantations (to the authority of which, a committee of the privy council has now succeeded), provided such appeal was brought within twelve months after the bye-law was enacted; and that if any seven members conceived themselves aggrieved by any bye-law which had been enacted before the passing of this act, they might bring a like appeal provided it was within twelve

## 24 THE NATURE AND CAUSES OF

months after the day on which this act was to take place. The experience of one year, however, may not always be sufficient to discover to all the members of a great company the pernicious tendency of a particular bye-law; and if several of them should afterwards discover it, neither the Board of Trade, nor the committee of council, can afford them any redress. The object, besides, of the greater part of the bye-laws of all regulated companies, as well as of all other corporations, is not so much to oppress those who are already members, as to discourage others from becoming so; which may be done, not only by a high fine, but by many other contrivances. The constant view of such companies is always to raise the rate of their own profit as high as they can; to keep the market, both for the goods which they export, and for those which they import, as much understocked as they can; which can be done only by restraining the competition, or by discouraging new adventurers from entering into the trade. A fine even of twenty pounds, besides, though it may not, perhaps, be sufficient to discourage any man from entering into the Turkey trade, with an intention to continue in it, may be enough to discourage a speculative merchant from hazarding a single adventure in it. In all trades, the regular established traders, even though not incorporated, naturally combine to raise profits, which are noway so likely to be kept, at all times, down to their proper level, as by the occasional competition of speculative adventurers. The Turkey

trade, though in some measure laid open by this act of parliament, is still considered by many people as very far from being altogether free. The Turkey company contribute to maintain an ambassador and two or three consuls, who, like other public ministers, ought to be maintained altogether by the state, and the trade laid open to all his majesty's subjects. The different taxes levied by the company, for this and other corporation purposes, might afford a revenue much more than sufficient to enable the state to maintain such ministers.

Regulated companies, it was observed by Sir Josiah Child, though they had frequently supported public ministers, had never maintained any forts or garrisons in the countries to which they traded; whereas joint stock companies frequently had. And in reality the former seem to be much more unfit for this sort of service than the latter. First, the directors of a regulated company have no particular interest in the prosperity of the general trade of the company, for the sake of which, such forts and garrisons are maintained. The decay of that general trade may even frequently contribute to the advantage of their own private trade; as by diminishing the number of their competitors, it may enable them both to buy cheaper, and to sell dearer. The directors of a joint stock company, on the contrary, having only their share in the profits which are made upon the common stock committed to their management, have no private trade of their own, of which the interest can be



separated from that of the general trade of the company. Their private interest is connected with the prosperity of the general trade of the company; and with the maintenance of the forts and garrisons which are necessary for its defence. They are more likely, therefore, to have that continual and careful attention which that maintenance necessarily requires. Secondly, The directors of a joint stock company have always the management of a large capital, the joint stock of the company, a part of which they may frequently employ, with propriety, in building, repairing, and maintaining such necessary forts and garrisons. But the directors of a regulated company, having the management of no common capital, have no other fund to employ in this way, but the casual revenue arising from the admission fines, and from the corporation duties, imposed upon the trade of the company. Though they had the same interest, therefore, to attend to the maintenance of such forts and garrisons, they can seldom have the same ability to render that attention effectual. The maintenance of a public minister requiring scarce any attention, and but a moderate and limited expense, is a business much more suitable both to the temper and abilities of a regulated company.

Long after the time of Sir Josiah Child, however, in 1750, a regulated company was established, the present company of merchants trading to Africa, which was expressly charged at first with the maintenance of all the British forts and garrisons that lie between Cape Blanc and

the Cape of Good Hope, and afterwards with that of those only which lie between Cape Ronge and the Cape of Good Hope. The act which establishes this company (the 23d of George II. c. 31.) seems to have had two distinct objects in view; first, to restrain effectually the oppressive and monopolizing spirit which is natural to the directors of a regulated company; and secondly, to force them, as much as possible, to give an attention, which is not natural to them, towards the maintenance of forts and garrisons.

For the first of these purposes, the fine for admission is limited to forty shillings. The company is prohibited from trading in their corporate capacity, or upon a joint stock; from borrowing money upon common seal, or from laying any restraints upon the trade which may be carried on freely from all places, and by all persons being British subjects, and paying the fine. The government is in a committee of nine persons who meet at London, but who are chosen annually by the freemen of the company at London, Bristol and Liverpool; three from each place. No committee-man can be continued in office for more than three years together. Any committee-man might be removed by the Board of Trade and Plantations; now by a committee of council, after being heard in his own defence. The committee are forbid to export negroes from Africa, or to import any African goods into Great Britain. But as they are charged with the maintenance of forts and garrisons, they may, for that purpose, export from Great Britain to Africa,

goods and stores of different kinds. Out of the monies which they shall receive from the company, they are allowed a sum not exceeding eight hundred pounds for the salaries of their clerks and agents at London, Bristol and Liverpool, the house rent of their office at London, and all other expenses of management, commission and agency in England. What remains of this sum, after defraying these different expenses, they may divide among themselves, as compensation for their trouble, in what manner they think proper. By this constitution, it might have been expected, that the spirit of monopoly would have been effectually restrained, and the first of these purposes sufficiently answered. It would seem, however, that it had not. Though by the 4th of George III. c. 20. the fort of Senegal, with all its dependencies, had been vested in the company of merchants trading to Africa, yet in the year following, (by the 5th of George III. c. 44.) not only Senegal and its dependencies, but the whole coast from the port of Sallee, in south Barbary, to Cape Rouge, was exempted from the jurisdiction of that company, was vested in the crown, and the trade to it declared free to all his majesty's subjects. The company had been suspected of restraining the trade, and of establishing some sort of improper monopoly. It is not, however, very easy to conceive how, under the regulations of the 23d George II. they could do so. In the printed debates of the House of Commons, not always the most authentic records of truth, I observe, however, that they have been

accused of this. The members of the committee of nine, being all merchants and the governors and factors, in their different forts and settlements, being all dependent upon them, it is not unlikely that the latter might have given peculiar attention to the consignments and commissions of the former, which would establish a real monopoly.

For the second of these purposes, the maintenance of the forts and garrisons, an annual sum has been allotted to them by parliament, generally about 13,000 *l.* For the proper application of this sum, the committee is obliged to account annually to the Curfitor Baron of Exchequer; which account is afterwards to be laid before parliament. But parliament, which gives so little attention to the application of millions, is not likely to give much to that of 13,000 *l.* a-year; and the Curfitor Baron of Exchequer, from his profession and education, is not likely to be profoundly skilled in the proper expense of forts and garrisons. The captains of his majesty's navy, indeed, or any other commissioned officers, appointed by the Board of Admiralty, may inquire into the condition of the forts and garrisons, and report their observations to that board. But that board seems to have no direct jurisdiction over the committee, nor any authority to correct those whose conduct it may thus inquire into; and the captains of his majesty's navy, besides, are not supposed to be always deeply learned in the science of fortification. Removal from an office, which can be enjoyed only

### 30 THE NATURE AND CAUSES OF

for the term of three years, and of which the lawful emoluments, even during that term, are so very small, seems to be the utmost punishment to which any committee-man is liable, for any fault, except direct malversation, or embezzlement, either of the public money, or of that of the company; and the fear of that punishment can never be a motive of sufficient weight to force a continual and careful attention to a business, to which he has no other interest to attend. The committee are accused of having sent out bricks and stones from England for the reparation of Cape Coast Castle on the coast of Guinea, a business for which parliament had several times granted an extraordinary sum of money. These bricks and stones too, which had thus been sent upon so long a voyage, were said to have been of so bad a quality, that it was necessary to rebuild from the foundation the walls which had been repaired with them. The forts and garrisons which lie north of Cape Rouge, are not only maintained at the expense of the state, but are under the immediate government of the executive power; and why those which lie south of that Cape, and which too are, in part at least maintained at the expense of the state, should be under a different government, it seems not very easy even to imagine a good reason. The protection of the Mediterranean trade was the original purpose or pretence of the garrisons of Gibraltar and Minorca, and the maintenance and government of those garrisons has always been, very properly, committed, not to

the Turkey Company, but to the executive power. In the extent of its dominion consists, in a great measure, the pride and dignity of that power; and it is not very likely to fail in attention to what is necessary for the defence of that dominion. The garrisons at Gibraltar and Minorca, accordingly, have never been neglected; though Minorca has been twice taken, and is now probably lost for ever, that disaster was never even imputed to any neglect in the executive power. I would not, however, be understood to insinuate, that either of those expensive garrisons was ever, even in the smallest degree, necessary for the purpose for which they were originally dismembered from the Spanish monarchy. That dismemberment, perhaps, never served any other real purpose than to alienate from England her naturally the king of Spain, and to unite the two principal branches of the house of Bourbon in a much stricter and more permanent alliance than the ties of blood could ever have united them.

Joint stock companies, established either by royal charter or by act of parliament, differ in several respects, not only from regulated companies, but from private copartneries.

First, In a private copartnery, no partner without the consent of the company, can transfer his share to another person, or introduce a new member into the company. Each member, however, may, upon proper warning, withdraw from the copartnery, and demand payment from them of his share of the common stock. In a joint stock company, on the contrary, no member

### 32 THE NATURE AND CAUSES OF

can demand payment of his share from the company; but each member can, without their consent, transfer his share to another person, and thereby introduce a new member. The value of a share in a joint stock is always the price which it will bring in the market; and this may be either greater or less, in any proportion, than the sum which its owner stands credited for in the stock of the company.

Secondly, In a private copartnery, each partner is bound for the debts contracted by the company to the whole extent of his fortune. In a joint stock company, on the contrary, each partner is bound only to the extent of his share.

The trade of a joint stock company is always managed by a court of directors. This court, indeed, is frequently subject, in many respects, to the control of a general court of proprietors. But the greater part of those proprietors seldom pretend to understand any thing of the business of the company; and when the spirit of faction happens not to prevail among them, give themselves no trouble about it, but receive contentedly such half yearly or yearly dividend, as the directors think proper to make to them. This total exemption from trouble and from risk, beyond a limited sum, encourages many people to become adventurers in joint stock companies, who would, upon no account, hazard their fortunes in any private copartnery. Such companies, therefore, commonly draw to themselves much greater stocks than any private copartnery can boast of. The trading stock of the South Sea Company,

Company, at one time, amounted to upwards of thirty - three millions eight hundred thousand pounds. The divided capital of the Bank of England amounts, at present, to ten millions seven hundred and eighty thousand pounds. The directors of such companies, however, being the managers rather of other people's money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own. Like the stewards of a rich man, they are apt to consider attention to small matters as not for their master's honor, and very easily give themselves a dispensation from having it. Negligence and profusion, therefore, must always prevail, more or less, in the management of the affairs of such a company. It is upon this account that joint stock companies for foreign trade have seldom been able to maintain the competition against private adventurers. They have, accordingly, very seldom succeeded without an exclusive privilege; and frequently have not succeeded with one. Without an exclusive privilege they have commonly mismanaged the trade. With an exclusive privilege they have both mismanaged and confined it.

The royal African Company, the predecessors of the present African Company, had an exclusive privilege by charter; but as that charter had not been confirmed by act of parliament, the trade, in consequence of the declaration of right, was, soon after the revolution, laid open



### 34 THE NATURE AND CAUSES OF

to all his majesty's subjects. The Hudson's Bay Company are, as to their legal rights, in the same situation as the Royal African Company. Their exclusive charter has not been confirmed by act of parliament. The South Sea Company, as long as they continued to be a trading company, had an exclusive privilege confirmed by act of parliament; as have likewise the present United Company of Merchants trading to the East Indies.

The Royal African Company soon found that they could not maintain the competition against private adventurers, whom, notwithstanding the declaration of rights, they continued for some time to call interlopers, and to persecute as such. In 1698, however, the private adventurers were subjected to a duty of ten per cent. upon almost all the different branches of their trade, to be employed by the company in the maintenance of their forts and garrisons. But, notwithstanding this heavy tax, the company were still unable to maintain the competition. Their stock and credit gradually declined. In 1712, their debts had become so great, that a particular act of parliament was thought necessary, both for their security and for that of their creditors. It was enacted, that the resolution of two-thirds of these creditors in number and value, should bind the rest, both with regard to the time which should be allowed to the company for the payment of their debts; and with regard to any other agreement which it might be thought proper to make with them concerning those debts. In 1730,

their affairs were in so great disorder, that they were altogether incapable of maintaining their forts and garrisons, the sole purpose and pretext of their institution. From that year, till their final dissolution, the parliament judged it necessary to allow the annual sum of ten thousand pounds for that purpose. In 1732, after having been for many years losers by the trade of carrying negroes to the West-Indies, they at last resolved to give it up altogether; to sell to the private traders to America the negroes which they purchased upon the coast; and to employ their servants in a trade to the inland parts of Africa for gold dust, elephants teeth, dying drugs, &c. But their success in this more confined trade was not greater than in their former extensive one. Their affairs continued to go gradually to decline, till at last, being in every respect a bankrupt company, they were dissolved by act of parliament, and their forts and garrisons vested in the present regulated company of merchants trading to Africa. Before the erection of the Royal African Company, there had been three other joint stock companies successively established, one after another, for the African trade. They were all equally unsuccessful. They all, however, had exclusive charters, which though not confirmed by act of parliament, were in those days supposed to convey a real exclusive privilege.

The Hudson's Bay Company, before their misfortunes in the late war, had been much more fortunate than the Royal African Company. Their

## 36 THE NATURE AND CAUSES OF

necessary expense is much smaller. The whole number of people whom they maintain in their different settlements and habitations, which they have honored with the name of forts, is said not to exceed a hundred and twenty persons. This number, however, is sufficient to prepare beforehand the cargo of furs and other goods necessary for loading their ships, which, on account of the ice, can seldom remain above six or eight weeks in those seas. This advantage of having a cargo ready prepared, could not for several years be acquired by private adventurers, and without it there seems to be no possibility of trading to Hudson's Bay. The moderate capital of the company, which, it is said, does not exceed one hundred and ten thousand pounds, may besides be sufficient to enable them to engross the whole, or almost the whole, trade and surplus produce of the miserable, though extensive country, comprehended within their charter. No private adventurers, accordingly, have ever attempted to trade to that country in competition with them. This company, therefore, have always enjoyed an exclusive trade in fact, though they may have no right to it in law. Over and above all this, the moderate capital of this company is said to be divided among a very small number of proprietors. But a joint stock company, consisting of a small number of proprietors, with a moderate capital, approaches very nearly to the nature of a private copartnery, and may be capable of nearly the same degree of vigilance and attention. It is not to be wondered at, therefore, if

in consequence of these different advantages, the Hudson's Bay Company had, before the late war, been able to carry on their trade with a considerable degree of success. It does not seem probable, however, that their profits ever approached to what the late Mr. Dobbs imagined them. A much more sober and judicious writer, Mr. Anderson, author of *The Historical and Chronological Deduction of Commerce*, very justly observes, that upon examining the accounts which Mr. Dobbs himself has given for several years together, of their exports and imports, and upon making proper allowances for their extraordinary risk and expense, it does not appear that their profits deserve to be envied, or that they can much, if at all, exceed the ordinary profits of trade.

The South Sea Company never had any forts or garrisons to maintain, and therefore were entirely exempted from one great expense, to which other joint stock companies for foreign trade are subject. But they had an immense capital divided among an immense number of proprietors. It was naturally to be expected, therefore, that folly, negligence, and profusion should prevail in the whole management of their affairs. The knavery and extravagance of their stock-jobbing projects are sufficiently known, and the explication of them would be foreign to the present subject. Their mercantile projects were not much better conducted. The first trade which they engaged in was that of supplying the Spanish West-Indies with negroes, of which (in consequence of what

## 28 THE NATURE AND CAUSES OF

was called the *Asiento* contract granted them by the treaty of Utrecht) they had the exclusive privilege. But as it was not expected that much profit could be made by this trade, both the Portuguese and French companies, who had enjoyed it upon the same terms before them, having been ruined by it, they were allowed, as compensation, to send annually a ship of a certain burden to trade directly to the Spanish West-Indies. Of the ten voyages which this annual ship was allowed to make, they are said to have gained considerably by one, that of the *Royal Caroline* in 1731, and to have been losers, more or less, by almost all the rest. Their ill success was imputed, by their factors and agents, to the extortion and oppression of the Spanish government; but was, perhaps, principally owing to the profusion and depredations of those very factors and agents; some of whom are said to have acquired great fortunes even in one year. In 1734, the company petitioned the king, that they might be allowed to dispose of the trade and tonnage of their annual ship, on account of the little profit which they made by it, and to accept of such equivalent as they could obtain from the king of Spain.

In 1724, this company had undertaken the whale-fishery. Of this, indeed, they had no monopoly; but as long as they carried it on, no other British subjects appear to have engaged in it. Of the eight voyages which their ships made to Greenland, they were gainers by one, and losers by all the rest. After their eighth and last voyage, when they had

sold their ships, stores, and utensils, they found that their whole loss, upon this branch, capital and interest included, amounted to upwards of two hundred and thirty-seven thousand pounds.

In 1722, this company petitioned the parliament to be allowed to divide their immense capital of more than thirty-three millions eight hundred thousand pounds, the whole of which had been lent to government, into two equal parts: The one half, or upwards of sixteen millions nine hundred thousand pounds, to be put upon the same footing with other government annuities, and not to be subject to the debts contracted, or losses incurred, by the directors of the company, in the prosecution of their mercantile projects; the other half to remain, as before, a trading stock, and to be subject to those debts and losses. The petition was too reasonable not to be granted. In 1733, they again petitioned the parliament, that three-fourths of their trading stock might be turned into annuity stock, and only one-fourth remain as trading stock, or exposed to the hazards arising from the bad management of their directors. Both their annuity and trading stocks had, by this time, been reduced more than two millions each, by several different payments from government; so that this fourth amounted only to 3,662,784*l.* 8*s.* 6*d.* In 1748, all the demands of the company upon the king of Spain, in consequence of the Asiento contract, were, by the treaty of Aix-la-Chapelle given up for what was supposed an equivalent. An end was put to their trade with the Spanish West-Indies.

## 40 THE NATURE AND CAUSES OF

the remainder of their trading stock was turned into an annuity stock, and the company ceased in every respect to be a trading company.

It ought to be observed, that in the trade which the South Sea Company carried on by means of their annual ship, the only trade by which it ever was expected that they could make any considerable profit, they were not without competitors, either in the foreign or in the home market. At Carthagena, Porto Bello, and La Vera Cruz, they had to encounter the competition of the Spanish merchants, who brought from Cadiz, to those markets, European goods, of the same kind with the outward cargo of their ship; and in England they had to encounter that of the English merchants, who imported from Cadiz goods of the Spanish West-Indies, of the same kind with the inward cargo. The goods both of the Spanish and English merchants, indeed, were, perhaps, subject to higher duties. But the loss occasioned by the negligence, profusion, and malversation of the servants of the company, had probably been a tax much heavier than all those duties. That a joint stock company should be able to carry on successfully any branch of foreign trade, when private adventurers can come into any sort of open and fair competition with them, seems contrary to all experience.

The old English East India Company was established in 1600, by a charter from Queen Elizabeth. In the first twelve voyages which they fitted out for India, they appear to have traded as a regulated company, with separate

stocks, though only in the general ships of the company. In 1612, they united into a joint stock. Their charter was exclusive; and though not confirmed by act of parliament, was in those days supposed to convey a real exclusive privilege. For many years, therefore, they were not much disturbed by interlopers. Their capital, which never exceeded seven hundred and forty-four thousand pounds, and of which fifty pounds was a share, was not so exorbitant, nor their dealings so extensive, as to afford either a pretext for gross negligence and profusion, or a cover to gross malversation. Notwithstanding some extraordinary losses, occasioned partly by the malice of the Dutch East India Company, and partly by other accidents, they carried on for many years a successful trade. But in process of time, when the principles of liberty were better understood, it became every day more and more doubtful how far a royal charter, not confirmed by act of parliament, could convey an exclusive privilege. Upon this question the decisions of the courts of justice were not uniform, but varied with the authority of government and the humors of the times. Interlopers multiplied upon them; and towards the end of the reign of Charles II. through the whole of that of James II. and during a part of that of William III. reduced them to great distress. In 1689, a proposal was made to parliament of advancing two millions to government at eight per cent. provided the subscribers were erected into a new East India Company with exclusive privileges. The old East India Company offered seven hundred thousand



## 41 THE NATURE AND CAUSES OF

pounds, nearly the amount of their capital, at four per cent. upon the same conditions. But such was at that time the state of public credit, that it was more convenient for government to borrow two millions at eight per cent. than seven hundred thousand pounds at four. The proposal of the new subscribers was accepted, and a new East India Company established in consequence. The old East India Company, however, had a right to continue their trade till 1701. They had, at the same time, in the name of their treasurer, subscribed, very artfully, three hundred and fifteen thousand pounds into the stock of the new. By a negligence in the expression of the act of parliament, which vested the East India trade in the subscribers to this loan of two millions, it did not appear evident that they were all obliged to unite into a joint stock. A few private traders, whose subscriptions amounted only to seven thousand two hundred pounds, insisted upon the privilege of trading separately upon their own stocks and at their own risk. The old East India Company had a right to a separate trade upon their old stock till 1701; and they had likewise, both before and after that period, a right, like that of other private traders, to a separate trade upon the three hundred and fifteen thousand pounds, which they had subscribed into the stock of the new company. The competition of the two companies with the private traders, and with one another, is said to have well nigh ruined both. Upon a subsequent occasion, in 1730, when a proposal was made to parliament for putting the trade under

The management of a regulated company, and thereby laying it in some measure open, the East India company, in opposition to this proposal, represented in very strong terms, what had been, at this time, the miserable effects, as they thought them, of this competition. In India, they said, it raised the price of goods so high, that they were not worth the buying, and in England, by overstocking the market, it sunk their price so low, that no profit could be made by them. That by a more plentiful supply, to the great advantage and conveniency of the public, it must have reduced, very much, the price of India goods in the English market, cannot well be doubted; but that it should have raised very much their price in the Indian market, seems not very probable, as all the extraordinary demand which that competition could occasion, must have been but as a drop of water in the immense ocean of Indian commerce. The increase of demand, besides, though in the beginning it may sometimes raise the price of goods, never fails to lower it in the long run. It encourages production, and thereby increases the competition of the producers, who, in order to undersell one another, have recourse to new divisions of labor and new improvements of art, which might never otherwise have been thought of. The miserable effects of which the company complained, were the cheapness of consumption and the encouragement given to production, precisely the two effects which it is the great business of political economy to promote. The competition, however, of which they gave this

## 44 THE NATURE AND CAUSES OF

doleful account, had not been allowed to be of long continuance. In 1702, the two companies were, in some measure, united by an indenture tripartite, to which the queen was the third party; and in 1708, they were, by act of parliament, perfectly consolidated into one company by their present name of The United Company of Merchants trading to the East Indies. Into this act it was thought worth while to insert a clause, allowing the separate traders to continue their trade till Michaelmas 1711, but at the same time empowering the directors, upon three years notice, to redeem their little capital of seven thousand two hundred pounds, and thereby to convert the whole stock of the company into a joint-stock. By the same act, the capital of the company, in consequence of a new loan to government, was augmented from two millions to three millions two hundred thousand pounds. In 1743, the company advanced another million to government. But this million being raised, not by a call upon the proprietors, but by selling annuities and contracting bond-debts, it did not augment the stock upon which the proprietors could claim a dividend. It augmented, however, their trading stock, it being equally liable with the other three millions two hundred thousand pounds to the losses sustained, and debts contracted, by the company in prosecution of their mercantile projects. From 1708, or at least from 1711, this company, being delivered from all competitors, and fully established in the monopoly of the English commerce to the East Indies, carried on a successful trade, and from their profits made

annually a moderate dividend to their proprietors. During the French war, which began in 1741, the ambition of Mr. Dupleix, the French governor of Pondicherry, involved them in the wars of the Carnatic, and in the politics of the Indian princes. After many signal successes, and equally signal losses, they at last lost Madras, at that time their principal settlement in India. It was restored to them by the treaty of Aix-la-Chapelle; and about this time the spirit of war and conquest seems to have taken possession of their servants in India, and never since to have left them. During the French war, which began in 1755, their arms partook of the general good fortune of those of Great Britain. They defended Madras, took Pondicherry, recovered Calcutta, and acquired the revenues of a rich and extensive territory, amounting, it was then said, to upwards of three millions a-year. They remained for several years in quiet possession of this revenue: But in 1767, administration laid claim to their territorial acquisitions, and the revenue arising from them, as of right belonging to the crown; and the company, in compensation for this claim, agreed to pay to government four hundred thousand pounds a-year. They had before this gradually augmented their dividend from about six to ten per cent.; that is, upon their capital of three millions two hundred thousand pounds, they had increased it by a hundred and twenty-eight thousand pounds, or had raised it from one hundred and ninety two thousand, to three hundred and twenty thousand pounds a-year. They were attempting about

this time to raise it still further, to twelve and a half per cent. which would have made their annual payments to their proprietors equal to what they had agreed to pay annually to government, or to four hundred thousand pounds a year. But during the two years in which their agreement with government was to take place, they were restrained from any further increase of dividend by two successive acts of parliament, of which the object was to enable them to make speedier progress in the payment of their debts, which were at this time estimated at upwards of six or seven millions sterling. In 1769, they renewed their agreement with government for five years more, and stipulated, that during the course of that period they should be allowed gradually to increase their dividend to twelve and a half per cent.; never increasing it, however, more than one per cent. in one year. This increase of dividend, therefore, when it had risen to its utmost height, could augment their annual payments, to their proprietors and government together, but by six hundred and eight thousand pounds, beyond what they had been before their late territorial acquisitions. What the gross revenue of those territorial acquisitions was supposed to amount to, has already been mentioned; and by an account brought by the Cruttenden East Indiaman in 1768, the nett revenue, clear of all deductions and military charges, was stated at two millions forty-eight thousand seven hundred and forty-seven pounds. They were said at the same time to possess another revenue, arising partly from lands, but chiefly from the customs

established at their different settlements, amounting to four hundred and thirty-nine thousand pounds. The profits of their trade too, according to the evidence of their chairman before the House of Commons, amounted at this time to at least four hundred thousand pounds a year; according to that of their accomptant, to at least five hundred thousand; according to the lowest account, at least equal to the highest dividend that was to be paid to their proprietors. So great a revenue might certainly have afforded an augmentation of six hundred and eight thousand pounds in their annual payments; and at the same time have left a large sinking fund sufficient for the speedy reduction of their debts. In 1773, however, their debts, instead of being reduced, were augmented by an arrear to the treasury in the payment of the four hundred thousand pounds, by another to the custom house for duties unpaid, by a large debt to the bank for money borrowed, and by a fourth for bills drawn upon them from India, and wantonly accepted; to the amount of upwards of twelve hundred thousand pounds. The distress which these accumulated claims brought upon them, obliged them, not only to reduce all at once their dividend to six per cent. but to throw themselves upon the mercy of government, and to supplicate, first, a release from the further payment of the stipulated four hundred thousand pounds a year; and, secondly, a loan of fourteen hundred thousand, to save them from immediate bankruptcy. The great increase of their fortune had, it seems, only served to furnish their servants with a pretext for

## 48 THE NATURE AND CAUSES OF

greater profusion, and a cover for greater malversation, than in proportion even to that increase of fortune. The conduct of their servants in India, and the general state of their affairs both in India and in Europe, became the subject of a parliamentary inquiry; in consequence of which several very important alterations were made in the constitution of their government, both at home and abroad. In India their principal settlements of Madras, Bombay, and Calcutta, which had before been altogether independent of one another, were subjected to a governor general, assisted by a council of four assessors, parliament assuming to itself the first nomination of this governor and council who were to reside at Calcutta; that city having now become, what Madras was before, the most important of the English settlements in India. The court of the mayor of Calcutta, originally instituted for the trial of mercantile causes, which arose in the city and neighbourhood, had gradually extended its jurisdiction with the extension of the empire. It was now reduced and confined to the original purpose of its institution. Instead of it a new supreme court of judicature was established, consisting of a chief justice and three judges to be appointed by the crown. In Europe, the qualification necessary to entitle a proprietor to vote at their general courts was raised, from five hundred pounds, the original price of a share in the stock of the company, to a thousand pounds. In order to vote upon this qualification too, it was declared necessary that he should have possessed it, if acquired by his own purchase, and not inheritance, for at least

least one year, instead of six months, the term requisite before. The court of twenty-four directors had before been chosen annually; but it was now enacted that each director should, for the future, be chosen for four years; six of them, however, to go out of office by rotation every year, and not to be capable of being re-chosen at the election of the six new directors for the ensuing year. In consequence of these alterations, the courts, both of the proprietors and directors, it was expected, would be likely to act with more dignity and steadiness than they had usually done before. But it seems impossible, by any alterations, to render those courts, in any respect, fit to govern, or even to share in the government of a great empire; because the greater part of their members must always have too little interest in the prosperity of that empire, to give any serious attention to what may promote it. Frequently a man of great, sometimes even a man of small fortune, is willing to purchase a thousand pounds share in India stock, merely for the influence which he expects to acquire by a vote in the court of proprietors. It gives him a share, though not in the plunder, yet in the appointment of the plunderers of India; the court of directors, though they make that appointment, being necessarily more or less under the influence of the proprietors, who not only elect those directors, but sometimes over-rule the appointments of their servants in India. Provided he can enjoy this influence for a few years, and thereby provide for a certain number of his friends, he frequently

*W. of N.* 4.

4



## 50 . THE NATURE AND CAUSES OF

cares little about the dividend, or even about the value of the stock upon which his vote is founded. About the prosperity of the great empire, in the government of which that vote gives him a share, he seldom cares at all. No other sovereigns ever were, or, from the nature of things, ever could be, so perfectly indifferent about the happiness or misery of their subjects, the improvement or waste of their dominions, the glory or disgrace of their administration; as, from irresistible moral causes, the greater part of the proprietors of such a mercantile company are, and necessarily must be. This indifference too was more likely to be increased than diminished by some of the new regulations, which were made in consequence of the parliamentary inquiry. By a resolution of the House of Commons, for example, it was declared, that when the fourteen hundred thousand pounds lent to the company by government should be paid, and their bond-debts be reduced to fifteen hundred thousand pounds, they might then, and not till then, divide eight per cent. upon their capital; and that whatever remained of their revenues and neat profits at home, should be divided into four parts; three of them to be paid into the exchequer for the use of the public, and the fourth to be reserved as a fund, either for the further reduction of their bond-debts, or for the discharge of other contingent exigencies, which the company might labor under. But if the company were bad stewards, and bad sovereigns, when the whole of their nett revenue and profits belonged to themselves, and were at their own disposal,

they were surely not likely to be better, when three-fourths of them were to belong to other people, and the other fourth, though to be laid out for the benefit of the company, yet to be so, under the inspection, and with the approbation, of other people.

It might be more agreeable to the company that their own servants and dependants should have either the pleasure of wasting, or the profit of embezzling whatever surplus might remain, after paying the proposed dividend of eight per cent., than that it should come into the hands of a set of people with whom those resolutions could scarce fail to set them, in some measure, at variance. The interest of those servants and dependants might so far predominate in the court of proprietors, as sometimes to dispose it to support the authors of depredations which had been committed, in direct violation of its own authority. With the majority of proprietors, the support even of the authority of their own court might sometimes be a matter of less consequence, than the support of those who had set that authority at defiance.

The regulations of 1773, accordingly, did not put an end to the disorders of the company's government in India. Notwithstanding that, during a momentary fit of good conduct, they had at one time collected, into the treasury of Calcutta, more than three millions sterling; notwithstanding that they had afterwards extended, either their dominion, or their depredations, over a vast accession of some of the richest and most fertile countries in India; all was wasted and destroyed. They found themselves

altogether unprepared to stop or resist the incursion of Hyder Ali; and, in consequence of those disorders, the company is now (1784) in greater distress than ever; and, in order to prevent immediate bankruptcy, is once more reduced to supplicate the assistance of government. Different plans have been proposed by the different parties in parliament, for the better management of its affairs. And all those plans seem to agree in supposing, what was indeed always abundantly evident, that it is altogether unfit to govern its territorial possessions. Even the company itself seems to be convinced of its own incapacity so far, and seems, upon that account, willing to give them up to government.

With the right of possessing forts and garrisons in distant and barbarous countries, is necessarily connected the right of making peace and war in those countries. The joint stock companies which have had the one right, have constantly exercised the other, and have frequently had it expressly conferred upon them. How unjustly, how capriciously, how cruelly they have commonly exercised it, is too well known from recent experience.

When a company of merchants undertake, at their own risk and expense, to establish a new trade with some remote and barbarous nation, it may not be unreasonable to incorporate them into a joint stock company, and to grant them, in case of their success, a monopoly of the trade for a certain number of years. It is the easiest and most natural way in which the state can recompense them for hazarding a dangerous and expensive

experiment, of which the public is afterwards to reap the benefit. A temporary monopoly of this kind may be vindicated upon the same principles upon which a like monopoly of a new machine is granted to its inventor, and that of a new book to its author. But upon the expiration of the term, the monopoly ought certainly to determine; the forts and garrisons, if it was found necessary to establish any, to be taken into the hands of government, their value to be paid to the company, and the trade to be laid open to all the subjects of the state. By a perpetual monopoly, all the other subjects of the state are taxed very absurdly in two different ways; first, by the high price of goods, which, in the case of a free trade, they could buy much cheaper, and, secondly, by their total exclusion from a branch of business, which it might be both convenient and profitable for many of them to carry on. It is for the most worthless of all purposes too that they are taxed in this manner. It is merely to enable the company to support the negligence, profusion, and malversation of their own servants, whose disorderly conduct seldom allows the dividend of the company to exceed the ordinary rate of profit in trades which are altogether free, and very frequently makes it fall even a good deal short of that rate. Without a monopoly, however, a joint stock company, it would appear from experience, cannot long carry on any branch of foreign trade. To buy in one market, in order to sell, with profit, in another, when there are many competitors in both; to watch over, not only

the occasional variations in the demand, but the much greater and more frequent variations in the competition, or in the supply which that demand is likely to get from other people, and to suit with dexterity and judgment both the quantity and quality of each assortment of goods to all these circumstances, is a species of warfare of which the operations are continually changing, and which can scarce ever be conducted successfully, without such an unremitting exertion of vigilance and attention, as cannot long be expected from the directors of a joint stock company. The East India Company, upon the redemption of their funds, and the expiration of their exclusive privilege, have a right, by act of parliament, to continue a corporation with a joint stock, and to trade in their corporate capacity to the East Indies in common with the rest of their fellow-subjects. But in this situation, the superior vigilance and attention of private adventurers would, in all probability, soon make them weary of the trade.

An eminent French author, of great knowledge in matters of political œconomy, the Abbé Morellet, gives a list of fifty-five joint stock companies for foreign trade, which have been established in different parts of Europe since the year 1600, and which, according to him, have all failed from mismanagement, notwithstanding they had exclusive privileges. He has been misinformed with regard to the history of two or three of them, which were not joint stock companies and have not failed. But, in compensation, there have been several joint stock companies which have failed, and which he has omitted.

The only trades which it seems possible for a joint stock company to carry on successfully, without an exclusive privilege, are those, of which all the operations are capable of being reduced to what is called a Routine, or to such a uniformity of method as admits of little or no variation. Of this kind is, first, the banking trade; secondly, the trade of insurance from fire, and from sea risk and capture in time of war; thirdly, the trade of making and maintaining a navigable cut or canal; and, fourthly, the similar trade of bringing water for the supply of a great city.

Though the principles of the banking trade may appear somewhat abstruse, the practice is capable of being reduced to strict rules. To depart upon any occasion from those rules, in consequence of some flattering speculation of extraordinary gain, is almost always extremely dangerous, and frequently fatal to the banking company which attempts it. But the constitution of joint stock companies renders them in general more tenacious of established rules than any private copartnery. Such companies, therefore, seem extremely well fitted for this trade. The principal banking companies in Europe, accordingly, are joint stock companies, many of which manage their trade very successfully without any exclusive privilege. The Bank of England has no other exclusive privilege, except that no other banking company in England shall consist of more than six persons. The two banks of Edinburgh are joint stock companies without any exclusive privilege.

## 36 THE NATURE AND CAUSES OF

The value of the risk, either from fire, or from loss by sea, or by capture, though it cannot, perhaps, be calculated very exactly, admits, however, of such a gross estimation as renders it, in some degree, reducible to strict rule and method. The trade of insurance, therefore, may be carried on successfully by a joint stock company, without any exclusive privilege. Neither the London Assurance, nor the Royal Exchange Assurance companies, have any such privilege.

When a navigable cut or canal has been once made, the management of it becomes quite simple and easy, and it is reducible to strict rule and method. Even the making of it is so, as it may be contracted for with undertakers at so much a mile, and so much a lock. The same thing may be said of a canal, an aqueduct, or a great pipe for bringing water to supply a great city. Such undertakings, therefore, may be, and accordingly frequently are, very successfully managed by joint stock companies without any exclusive privilege.

To establish a joint stock company, however, for any undertaking, merely because such a company might be capable of managing it successfully; or to exempt a particular set of dealers from some of the general laws which take place with regard to all their neighbours, merely because they might be capable of thriving if they had such an exemption, would certainly not be reasonable. To render such an establishment perfectly reasonable, with the circumstance of being reducible to strict rule and method, two other circumstances ought to concur. First, it

ought to appear with the clearest evidence, that the undertaking is of greater and more general utility than the greater part of common trades; and secondly, that it requires a greater capital than can easily be collected into a private copartnery. If a moderate capital were sufficient, the great utility of the undertaking would not be a sufficient reason for establishing a joint stock company; because, in this case, the demand for what it was to produce, would readily and easily be supplied by private adventurers. In the four trades above-mentioned; both those circumstances concur.

The great and general utility of the banking trade when prudently managed, has been fully explained in the second book of this inquiry. But a public bank which is to support public credit, and upon particular emergencies to advance to government the whole produce of a tax, to the amount, perhaps, of several millions, a year or two before it comes in, requires a greater capital than can easily be collected into any private copartnery.

The trade of insurance gives great security to the fortunes of private people, and by dividing among a great many that loss which would ruin an individual, makes it fall light and easy upon the whole society. In order to give this security, however, it is necessary that the insurers should have a very large capital. Before the establishment of the two joint stock companies for insurance in London, a list, it is said, was laid before the attorney-general, of one hundred and fifty private insurers who had failed in the course of a few years.



That navigable cuts and canals, and the works which are sometimes necessary for supplying a great city with water, are of great and general utility; while at the same time they frequently require a greater expense than suits the fortunes of private people, is sufficiently obvious.

Except the four trades above-mentioned, I have not been able to recollect any other in which all the three circumstances, requisite for rendering reasonable the establishment of a joint stock company, concur. The English copper company of London, the lead smelting company, the glass grinding company, have not even the pretext of any great or singular utility in the object which they pursue; nor does the pursuit of that object seem to require any expense unfuitable to the fortunes of many private men. Whether the trade which those companies carry on, is reducible to such strict rule and method as to render it fit for the management of a joint stock company, or whether they have any reason to boast of their extraordinary profits, I do not pretend to know. The mine-adventurers company has been long ago bankrupt. A share in the stock of the British Linen company of Edinburgh sells, at present, very much below par, though less so than it did some years ago. The joint stock companies, which are established for the public spirited purpose of promoting some particular manufacture, over and above managing their own affairs ill, to the diminution of the general stock of the society, can in other respects scarce ever fail to do more harm than good. Notwithstanding the most upright intentions, the

unavoidable partiality of their directors to particular branches of the manufacture, of which the undertakers mislead and impose upon them, is a real discouragement to the rest, and necessarily breaks, more or less, that natural proportion which would otherwise establish itself between judicious industry and profit, and which, to the general industry of the country, is of all encouragements the greatest and the most effectual.

## ARTICLE II.

*Of the Expense of the Institutions for the Education of Youth.*

THE institutions for the education of the youth may, in the same manner, furnish a revenue sufficient for defraying their own expense. The fee or honorary which the scholar pays to the master naturally constitutes a revenue of this kind.

Even where the reward of the master does not arise altogether from this natural revenue, it still is not necessary that it should be derived from that general revenue of the society, of which the collection and application is, in most countries, assigned to the executive power. Through the greater part of Europe, accordingly, the endowment of schools and colleges makes either no charge upon that general revenue, or but a very small one. It every where arises chiefly from some local and provincial revenue, from the rent of some landed estate, or from the interest of some sum of money allotted and put under the management of trustees for this particular purpose, sometimes by the sovereign himself, and sometimes by some private donor.

Have those public endowments contributed in general to promote the end of their institution? Have they contributed to encourage the diligence, and to improve the abilities of the teachers? Have they directed the course of education towards objects more useful, both to the individual and to the public, than those to which it would naturally have gone of its own accord? It should not seem very difficult to give at least a probable answer to each of those questions.

In every profession, the exertion of the greater part of those who exercise it, is always in proportion to the necessity they are under of making that exertion. This necessity is greatest with those to whom the emoluments of their profession are the only source from which they expect their fortune, or even their ordinary revenue and subsistence. In order to acquire this fortune, or even to get this subsistence, they must, in the course of a year, execute a certain quantity of work of a known value; and, where the competition is free, the rivalry of competitors, who are all endeavouring to jostle one another out of employment, obliges every man to endeavour to execute his work with a certain degree of exactness. The greatness of the objects which are to be acquired by success in some particular professions may, no doubt, sometimes animate the exertion of a few men of extraordinary spirit and ambition. Great objects, however, are evidently not necessary in order to occasion the greatest exertions. Rivalship and emulation render excellency, even in mean professions, an object of

ambition, and frequently occasion the very greatest exertions. Great objects, on the contrary, alone and unsupported by the necessity of application, have seldom been sufficient to occasion any considerable exertion. In England, success in the profession of the law leads to some very great objects of ambition; and yet how few men, born to easy fortunes, have ever in this country been eminent in that profession!

The endowments of schools and colleges have necessarily diminished more or less the necessity of application in the teachers. Their subsistence, so far as it arises from their salaries, is evidently derived from a fund altogether independent of their success and reputation in their particular professions.

In some universities the salary makes but a part and frequently but a small part of the emoluments of the teacher, of which the greater part arises from the honoraries or fees of his pupils. The necessity of application, though always more or less diminished, is not in this case entirely taken away. Reputation in his profession is still of some importance to him, and he still has some dependency upon the affection, gratitude, and favorable report of those who have attended upon his instructions; and these favorable sentiments he is likely to gain in no way so well as by deserving them, that is, by the abilities and diligence with which he discharges every part of his duty.

In other universities the teacher is prohibited from receiving any honorary or fee from his pupils,

and his salary constitutes the whole of the revenue which he derives from his office. His interest is, in this case, set as directly in opposition to his duty as it is possible to set it. It is the interest of every man to live as much at his ease as he can; and if his emoluments are to be precisely the same, whether he does, or does not perform some very laborious duty, it is certainly his interest, at least as interest is vulgarly understood, either to neglect it altogether, or, if he is subject to some authority which will not suffer him to do this, to perform it in as careless and slovenly a manner as that authority will permit. If he is naturally active and a lover of labor, it is his interest to employ that activity in any way, from which he can derive some advantage, rather than in the performance of his duty, from which he can derive none.

If the authority to which he is subject resides in the body corporate, the college, or university, of which he himself is a member, and in which the greater part of the other members are, like himself, persons who either are, or ought to be teachers, they are likely to make a common cause, to be all very indulgent to one another, and every man to consent that his neighbour may neglect his duty, provided he himself is allowed to neglect his own. In the university of Oxford, the greater part of the public professors have, for these many years, given up altogether even the pretence of teaching.

If the authority to which he is subject resides, not so much in the body corporate of which he

is a member, as in some other extraneous persons, in the bishop of the diocese for example; in the governor of the province; or, perhaps, in some minister of state; it is not indeed in this case very likely that he will be suffered to neglect his duty altogether. All that such superiors, however, can force him to do, is to attend upon his pupils a certain number of hours, that is to give a certain number of lectures in the week or in the year. What those lectures shall be, must still depend upon the diligence of the teacher; and that diligence is likely to be proportioned to the motives which he has for exerting it. An extraneous jurisdiction of this kind besides, is liable to be exercised both ignorantly and capriciously. In its nature it is arbitrary and discretionary, and the persons who exercise it, neither attending upon the lectures of the teacher themselves, nor perhaps understanding the sciences which it is his business to teach, are seldom capable of exercising it with judgment. From the insolence of office too they are frequently indifferent how they exercise it, and are very apt to censure or deprive him of his office wantonly, and without any just cause. The person subject to such jurisdiction is necessarily degraded by it, and, instead of being one of the most respectable, is rendered one of the meanest and most contemptible persons in the society. It is by powerful protection only that he can effectually guard himself against the bad usage to which he is at all times exposed; and this protection he is most likely to gain, not by ability.

## 64 THE NATURE AND CAUSES OF

or diligence in his profession, but by obsequiousness to the will of his superiors, and by being ready, at all times, to sacrifice to that will the rights, the interest, and the honor of the body corporate of which he is a member. Whoever has attended for any considerable time to the administration of a French university, must have had occasion to remark the effects which naturally result from an arbitrary and extraneous jurisdiction of this kind.

Whatever forces a certain number of students to any college or university, independent of the merit or reputation of the teachers, tends more or less to diminish the necessity of that merit or reputation.

The privileges of graduates in arts, in law, physic and divinity, when they can be obtained only by residing a certain number of years in certain universities, necessarily force a certain number of students to such universities, independent of the merit or reputation of the teachers. The privileges of graduates are a sort of statutes of apprenticeship, which have contributed to the improvement of education, just as the other statutes of apprenticeship have to that of arts and manufactures.

The charitable foundations of scholarships, exhibitions, bursaries, &c. necessarily attach a certain number of students to certain colleges, independent altogether of the merit of those particular colleges. Were the students upon such charitable foundations left free to chuse  
what

what college they liked best, such liberty might perhaps contribute to excite some emulation among different colleges. A regulation, on the contrary, which prohibited even the independent members of every particular college from leaving it, and going to any other, without leave first asked and obtained of that which they meant to abandon, would tend very much to extinguish that emulation.

If in each college the tutor or teacher, who was to instruct each student in all arts and sciences, should not be voluntarily chosen by the student, but appointed by the head of the college; and if, in case of neglect, inability, or bad usage, the student should not be allowed to change him for another, without leave first asked and obtained; such a regulation would not only tend very much to extinguish all emulation among the different tutors of the same college, but to diminish very much in all of them the necessity of diligence and of attention to their respective pupils. Such teachers, though very well paid by their students, might be as much disposed to neglect them, as those who are not paid by them at all, or who have no other recompence but their salary.

If the teacher happens to be a man of sense, it must be an unpleasant thing to him to be conscious, while he is lecturing his students, that he is either speaking or reading nonsense, or what is very little better than nonsense. It must too be unpleasant to him to observe that the greater part of his students desert his lectures; or perhaps attend upon them with plain enough marks of neglect, contempt,



and derision. If he is obliged, therefore, to give a certain number of lectures, these motives alone, without any other interest, might dispose him to take some pains to give tolerably good ones. Several different expedients, however, may be fallen upon, which will effectually blunt the edge of all those incitements to diligence. The teacher, instead of explaining to his pupils himself the science in which he proposes to instruct them, may read some book upon it; and if this book is written in a foreign and dead language, by interpreting it to them into their own; or, what would give him still less trouble, by making them interpret it to him, and by now and then making an occasional remark upon it, he may flatter himself that he is giving a lecture. The slightest degree of knowledge and application will enable him to do this, without exposing himself to contempt or derision, or saying any thing that is really foolish, absurd, or ridiculous. The discipline of the college, at the same time, may enable him to force all his pupils to the most regular attendance upon this sham-lecture, and to maintain the most decent and respectful behaviour during the whole time of the performance.

The discipline of colleges and universities is in general contrived, not for the benefit of the students, but for the interest, or more properly speaking, for the ease of the masters. Its object is, in all cases, to maintain the authority of the master, and whether he neglects or performs his duty, to oblige the students in all cases to behave to him as

if he performed it with the greatest diligence and ability. It seems to presume perfect wisdom and virtue in the one order, and the greatest weakness and folly in the other. Where the masters, however, really perform their duty, there are no examples, I believe, that the greater part of the students ever neglect theirs. No discipline is ever requisite to force attendance upon lectures which are really worth the attending, as is well known wherever any such lectures are given. Force and restraint may, no doubt, be in some degree requisite in order to oblige children, or very young boys, to attend to those parts of education which it is thought necessary for them to acquire during that early period of life; but after twelve or thirteen years of age, provided the master does his duty, force or restraint can scarce ever be necessary to carry on any part of education. Such is the generosity of the greater part of young men, that so far from being disposed to neglect or despise the instructions of their master, provided he shows some serious intention of being of use to them, they are generally inclined to pardon a great deal of incorrectness in the performance of his duty, and sometimes even to conceal from the public a good deal of gross negligence.

Those parts of education, it is to be observed, for the teaching of which there are no public institutions, are generally the best taught. When a young man goes to a fencing or a dancing school, he does not indeed always learn to fence or to dance very well; but he seldom fails of learning

## 68 THE NATURE AND CAUSES OF

to fence or to dance. The good effects of the riding school are not commonly so evident. The expense of a riding school is so great, that in most places it is a public institution. The three most essential parts of literary education, to read, write, and account, it still continues to be more common to acquire in private than in public schools; and it very seldom happens that any body fails of acquiring them to the degree in which it is necessary to acquire them.

In England the public schools are much less corrupted than the universities. In the schools the youth are taught, or at least may be taught, Greek and Latin; that is, every thing which the masters pretend to teach, or which, it is expected, they should teach. In the universities the youth neither are taught, nor always can find any proper means of being taught, the sciences, which it is the business of those incorporated bodies to teach. The reward of the schoolmaster in most cases depends principally, in some cases almost entirely, upon the fees or honoraries of his scholars. Schools have no exclusive privileges. In order to obtain the honors of graduation, it is not necessary that a person should bring a certificate of his having studied a certain number of years at a public school. If upon examination he appears to understand what is taught there, no questions are asked about the place where he learnt it.

The parts of education which are commonly taught in universities, it may, perhaps, be said are not very well taught. But had it not been for

those institutions they would not have been commonly taught at all, and both the individual and the public would have suffered a good deal from the want of those important parts of education.

The present universities of Europe were originally, the greater part of them, ecclesiastical corporations; instituted for the education of churchmen. They were founded by the authority of the pope, and were so entirely under his immediate protection, that their members, whether masters or students, had all of them what was then called the benefit of clergy; that is, were exempted from the civil jurisdiction of the countries in which their respective universities were situated, and were amenable only to the ecclesiastical tribunals. What was taught in the greater part of those universities was suitable to the end of their institution, either theology, or something that was merely preparatory to theology.

When christianity was first established by law, a corrupted Latin had become the common language of all the western parts of Europe. The service of the church accordingly, and the translation of the Bible which was read in churches, were both in that corrupted Latin; that is, in the common language of the country. After the irruption of the barbarous nations who overturned the Roman empire, Latin gradually ceased to be the language of any part of Europe. But the reverence of the people naturally preserves the established forms and ceremonies of religion, long after the circumstances which first introduced and rendered them reasonable are no more. Though Latin, therefore, was no

longer understood any where by the great body of the people, the whole service of the church still continued to be performed in that language. Two different languages were thus established in Europe, in the same manner as in ancient Egypt; a language of the priests, and a language of the people; a sacred and a profane; a learned and an unlearned language. But it was necessary that the priests should understand something of that sacred and learned language in which they were to officiate; and the study of the Latin language therefore made, from the beginning, an essential part of university education.

It was not so with that either of the Greek, or of the Hebrew language. The infallible decrees of the church had pronounced the Latin translation of the Bible, commonly called the Latin Vulgate, to have been equally dictated by divine inspiration, and therefore of equal authority with the Greek and Hebrew originals. The knowledge of those two languages, therefore, not being indispensibly requisite to a churchman, the study of them did not for a long time make a necessary part of the common course of university education. There are some Spanish universities, I am assured, in which the study of the Greek language has never yet made any part of that course. The first reformers found the Greek text of the new testament, and even the Hebrew text of the old, more favorable to their opinions, than the vulgate translation, which, as might naturally be supposed, had been gradually accommodated to support the doctrines

of the catholic church. They set themselves, therefore, to expose the many errors of that translation, which the Roman catholic clergy were thus put under the necessity of defending or explaining. But this could not well be done without some knowledge of the original languages, of which the study was therefore gradually introduced into the greater part of universities; both of those which embraced, and of those which rejected, the doctrines of the reformation. The Greek language was connected with every part of that classical learning, which, though at first principally cultivated by catholics and Italians, happened to come into fashion much about the same time that the doctrines of the reformation were set on foot. In the greater part of universities, therefore, that language was taught previous to the study of philosophy, and as soon as the student had made some progress in the Latin. The Hebrew language having no connexion with classical learning, and, except the holy scriptures, being the language of not a single book in any esteem, the study of it did not commonly commence till after that of philosophy, and when the student had entered upon the study of theology.

Originally the first rudiments both of the Greek and Latin languages were taught in universities, and in some universities they still continue to be so. In others it is expected that the student should have previously acquired at least the rudiments of one or both of those languages, of which the

## 12 THE NATURE AND CAUSES OF

study continues to make every where a very considerable part of university education.

The ancient Greek philosophy was divided into three great branches; physics, or natural philosophy; ethics, or moral philosophy, and logic. This general division seems perfectly agreeable to the nature of things.

The great phenomena of nature, the revolutions of the heavenly bodies, eclipses, comets, thunder, lightning, and other extraordinary meteors; the generation, the life, growth, and dissolution of plants and animals; are objects which, as they necessarily excite the wonder, so they naturally call forth the curiosity, of mankind to inquire into their causes. Superstition first attempted to satisfy this curiosity, by referring all those wonderful appearances to the immediate agency of the gods. Philosophy afterwards endeavoured to account for them, from more familiar causes, or from such as mankind were better acquainted with, than the agency of the gods. As those great phenomena are the first objects of human curiosity, so the science which pretends to explain them must naturally have been the first branch of philosophy that was cultivated. The first philosophers, accordingly, of whom history has preserved any account, appear to have been natural philosophers.

In every age and country of the world men must have attended to the characters, designs, and actions of one another, and many reputable rules and maxims for the conduct of human life, must have been laid down and approved of by

common consent. As soon as writing came into fashion, wise men, or those who fancied themselves such, would naturally endeavour to increase the number of those established and respected maxims, and to express their own sense of what was either proper or improper conduct, sometimes in the more artificial form of apologues, like what are called the fables of Æsop; and sometimes in the more simple one of apophthegms, or wise sayings, like the Proverbs of Solomon, the verses of Theognis and Phocyllides, and some part of the works of Hesiod. They might continue in this manner for a long time merely to multiply the number of those maxims of prudence and morality, without even attempting to arrange them in any very distinct or methodical order, much less to connect them together by one or more general principles, from which they were all deducible, like effects from their natural causes. The beauty of a systematical arrangement of different observations connected by a few common principles, was first seen in the rude essays of those ancient times towards a system of natural philosophy. Something of the same kind was afterwards attempted in morals. The maxims of common life were arranged in some methodical order, and connected together by a few common principles, in the same manner as they had attempted to arrange and connect the phenomena of nature. The science which pretends to investigate and explain those connecting principles, is what is properly called moral philosophy.



Different authors gave different systems both of natural and moral philosophy. But the arguments by which they supported those different systems, far from being always demonstrations, were frequently at best but very slender probabilities, and sometimes mere sophisms, which had no other foundation but the inaccuracy and ambiguity of common language. Speculative systems have in all ages of the world been adopted for reasons too frivolous to have determined the judgment of any man of common sense, in a matter of the smallest pecuniary interest. Gross sophistry has scarce ever had any influence upon the opinions of mankind, except in matters of philosophy and speculation, and in these it has frequently had the greatest. The patrons of each system of natural and moral philosophy naturally endeavoured to expose the weakness of the arguments adduced to support the systems which were opposite to their own. In examining those arguments, they were necessarily led to consider the difference between a probable and a demonstrative argument, between a fallacious and a conclusive one; and logic, or the science of the general principles of good and bad reasoning, necessarily arose out of the observations which a scrutiny of this kind gave occasion to. Though in its origin, posterior both to physics and to ethics, it was commonly taught, not indeed in all, but in the greater part of the ancient schools of philosophy, previously to either of those sciences. The student, it seems to have been thought, ought to understand well the difference between

good and bad reasoning, before he was led to reason upon subjects of so great importance.

This ancient division of philosophy into three parts was in the greater part of the universities of Europe, changed for another into five.

In the ancient philosophy, whatever was taught concerning the nature either of the human mind or of the Deity, made a part of the system of physics. Those beings, in whatever their essence might be supposed to consist, were parts of the great system of the universe, and parts too productive of the most important effects. Whatever human reason could either conclude, or conjecture, concerning them, made, as it were, two chapters, though no doubt two very important ones, of the science which pretended to give an account of the origin and revolutions of the great system of the universe. But in the universities of Europe, where philosophy was taught only as subservient to theology, it was natural to dwell longer upon these two chapters than upon any other of the science. They were gradually more and more extended, and were divided into many inferior chapters, till at last the doctrine of spirits, of which so little can be known, came to take up as much room in the system of philosophy as the doctrine of bodies, of which so much can be known. The doctrines concerning those two subjects were considered as making two distinct sciences. What are called Metaphysics or Pneumatics were set in opposition to Physics, and were cultivated not only as the more sublime, but, for

## 76 THE NATURE AND CAUSES OF

the purposes of a particular profession, as the more useful science of the two. The proper subject of experiment and observation, a subject in which a careful attention is capable of making so many useful discoveries, was almost entirely neglected. The subject in which, after a few very simple and almost obvious truths, the most careful attention can discover nothing but obscurity and uncertainty, and can consequently produce nothing but subtleties and sophisms, was greatly cultivated.

When those two sciences had thus been set in opposition to one another, the comparison between them naturally gave birth to a third, to what was called Ontology, or the science which treated of the qualities and attributes which were common to both the subjects of the other two sciences. But if subtleties and sophisms composed the greater part of the Metaphysics or Pneumatics of the schools, they composed the whole of this cobweb science of Ontology, which was likewise sometimes called Metaphysics.

Wherein consisted the happiness and perfection of a man, considered not only as an individual, but as the member of a family, of a state, and of the great society of mankind, was the object which the ancient moral philosophy proposed to investigate. In that philosophy the duties of human life were treated of as subservient to the happiness and perfection of human life. But when moral, as well as natural philosophy, came to be taught only as subservient to theology, the duties of human life were treated of as chiefly

subservient to the happiness of a life to come. In the ancient philosophy the perfection of virtue was represented as necessarily productive, to the person who possessed it, of the most perfect happiness in this life. In the modern philosophy it was frequently represented as generally, or rather as almost always inconsistent with any degree of happiness in this life; and heaven was to be earned only by penance and mortification, by the austerities and abasement of a monk; not by the liberal, generous, and spirited conduct of a man. Casuistry and an ascetic morality made up, in most cases, the greater part of the moral philosophy of the schools. By far the most important of all the different branches of philosophy, became in this manner by far the most corrupted.

Such, therefore, was the common course of philosophical education in the greater part of the universities in Europe. Logic was taught first: Ontology came in the second place: Pneumatology, comprehending the doctrine concerning the nature of the human soul and of the Deity in the third: In the fourth followed a debased system of moral philosophy, which was considered as immediately connected with the doctrines of Pneumatology, with the immortality of the human soul, and with the rewards and punishments which, from the justice of the Deity, were to be expected in a life to come: A short and superficial system of Physics usually concluded the course.

The alterations which the universities of Europe thus introduced into the ancient course of philosophy, were all meant for the education of

ecclesiastics, and to render it a more proper introduction to the study of theology. But the additional quantity of subtlety and sophistry; the casuistry and the ascetic morality which those alterations introduced into it, certainly did not render it more proper for the education of gentlemen or men of the world, or more likely either to improve the understanding, or to mend the heart.

This course of philosophy is what still continues to be taught in the greater part of the universities of Europe; with more or less diligence, according as the constitution of each particular university happens to render diligence more or less necessary to the teachers. In some of the richest and best endowed universities, the tutors content themselves with teaching a few unconnected shreds and parcels of this corrupted course; and even these they commonly teach very negligently and superficially.

The improvements which, in modern times, have been made in several different branches of philosophy, have not, the greater part of them, been made in universities; though some no doubt have. The greater part of universities have not even been very forward to adopt those improvements, after they were made; and several of those learned societies have chosen to remain, for a long time, the sanctuaries in which exploded systems and obsolete prejudices found shelter and protection, after they had been hunted out of every other corner of the world. In general, the richest and best endowed universities have

been the slowest in adopting those improvements, and the most averse to permit any considerable change in the established plan of education. Those improvements were more easily introduced into some of the poorer universities, in which the teachers, depending upon their reputation for the greater part of their subsistence, were obliged to pay more attention to the current opinions of the world.

But though the public schools and universities of Europe were originally intended only for the education of a particular profession, that of churchmen; and though they were not always very diligent in instructing their pupils even in the sciences which were supposed necessary for that profession, yet they gradually drew to themselves the education of almost all other people, particularly of almost all gentlemen and men of fortune. No better method, it seems, could be fallen upon of spending, with any advantage, the long interval between infancy and that period of life at which men begin to apply in good earnest to the real business of the world, the business which is to employ them during the remainder of their days. The greater part of what is taught in schools and universities, however, does not seem to be the most proper preparation for that business.

In England, it becomes every day more and more the custom to send young people to travel in foreign countries immediately upon their leaving school, and without sending them to any university. Our young people, it is said, generally

## 86. THE NATURE AND CAUSES OF

return home much improved by their travels. A young man who goes abroad at seventeen or eighteen, and returns home at one-and-twenty, returns three or four years older than he was when he went abroad; and at that age it is very difficult not to improve a good deal in three or four years. In the course of his travels, he generally acquires some knowledge of one or two foreign languages; a knowledge, however, which is seldom sufficient to enable him either to speak or write them with propriety. In other respects, he commonly returns home more conceited, more unprincipled, more dissipated, and more incapable of any serious application either to study or to business, than he could well have become in so short a time, had he lived at home. By travelling so very young, by spending in the most frivolous dissipation the most precious years of his life, at a distance from the inspection and control of his parents and relations, every useful habit, which the earlier parts of his education might have had some tendency to form in him, instead of being rivetted and confirmed, is almost necessarily either weakened or effaced. Nothing but the discredit into which the universities are allowing themselves to fall, could ever have brought into repute so very absurd a practice as that of travelling at this early period of life. By sending his son abroad, a father delivers himself, at least for some time, from so disagreeable an object as that of a son unemployed, neglected, and going to ruin before his eyes.

Such

Such have been the effects of some of the modern institutions for education.

Different plans and different institutions for education seem to have taken place in other ages and nations.

In the republics of ancient Greece, every free citizen was instructed, under the direction of the public magistrate, in gymnastic exercises and in music. By gymnastic exercises it was intended to harden his body, to sharpen his courage, and to prepare him for the fatigues and dangers of war; and as the Greek militia was, by all accounts, one of the best that ever was in the world, this part of their public education must have answered completely the purpose for which it was intended. By the other part, music, it was proposed, at least by the philosophers and historians who have given us an account of those institutions, to humanize the mind, to soften the temper, and to dispose it for performing all the social and moral duties both of public and private life.

In ancient Rome the exercises of the Campus Martius answered the same purpose as those of the Gymnasium in ancient Greece, and they seem to have answered it equally well. But among the Romans there was nothing which corresponded to the musical education of the Greeks. The morals of the Romans, however, both in private and public life, seem to have been, not only equal, but, upon the whole, a good deal superior to those of the Greeks. That they were superior in private life, we have the express testimony of Polybius and of



Dionysius of Halicarnassus, two authors well acquainted with both nations; and the whole tenor of the Greek and Roman history bears witness of the superiority of the public morals of the Romans. The good temper and moderation of contending factions seems to be the most essential circumstance in the public morals of a free people. But the factions of the Greeks were almost always violent and sanguinary; whereas, till the time of the Gracchi, no blood had ever been shed in any Roman faction; and from the time of the Gracchi the Roman republic may be considered as in reality dissolved. Notwithstanding, therefore, the very respectable authority of Plato, Aristotle, and Polybius, and notwithstanding the very ingenious reasons by which Mr. Montesquieu endeavours to support that authority, it seems probable that the musical education of the Greeks had no great effect in mending their morals, since, without any such education, those of the Romans were upon the whole superior. The respect of those ancient sages for the institutions of their ancestors, had probably disposed them to find much political wisdom in what was, perhaps, merely an ancient custom, continued, without interruption, from the earliest period of those societies, to the times in which they had arrived at a considerable degree of refinement. Music and dancing are the great amusements of almost all barbarous nations, and the great accomplishments which are supposed to fit any man for entertaining his society. It is so at this day among the negroes on the coast of Africa. It was so among the

ancient Celtes, among the ancient Scandinavians, and, as we may learn from Homer, among the ancient Greeks in the times preceding the Trojan war. When the Greek tribes had formed themselves into little republics, it was natural that the study of those accomplishments should, for a long time, make a part of the public and common education of the people.

The masters who instructed the young people either in music or in military exercises, do not seem to have been paid, or even appointed by the state, either in Rome or even in Athens, the Greek republic of whose laws and customs we are the best informed. The state required that every free citizen should fit himself for defending it in war, and should, upon that account, learn his military exercises. But it left him to learn them of such masters as he could find, and it seems to have advanced nothing for this purpose, but a public field or place of exercise, in which he should practise and perform them.

In the early ages both of the Greek and Roman republics, the other parts of education seem to have consisted in learning to read, write, and account according to the arithmetic of the times. These accomplishments the richer citizens seem frequently to have acquired at home, by the assistance of some domestic pedagogue, who was generally, either a slave, or a freed-man; and the poorer citizens, in the schools of such masters as made a trade of teaching for hire. Such parts of education, however, were abandoned altogether to the care of the parents or

## 84 THE NATURE AND CAUSES OF

guardians of each individual. It does not appear that the state ever assumed any inspection or direction of them. By a law of Solon, indeed, the children were acquitted from maintaining those parents in their old age, who had neglected to instruct them in some profitable trade or business.

In the progress of refinement, when philosophy and rhetoric came into fashion, the better sort of people used to send their children to the schools of philosophers and rhetoricians, in order to be instructed in these fashionable sciences. But these schools were not supported by the public. They were for a long time barely tolerated by it. The demand for philosophy and rhetoric was for a long time so small, that the first professed teachers of either could not find constant employment in any one city, but were obliged to travel about from place to place. In this manner lived Zeno of Elea, Protagoras, Gorgias, Hippias, and many others. As the demand increased, the schools both of philosophy and rhetoric became stationary; first in Athens, and afterwards in several other cities. The state, however, seems never to have encouraged them further than by assigning to some of them a particular place to teach in, which was sometimes done too by private donors. The state seems to have assigned the Academy to Plato, the Lyceum to Aristotle, and the Portico to Zeno of Citta, the founder of the Stoics. But Epicurus bequeathed his gardens to his own school. Till about the time of Marcus Antoninus, however, no teacher appears

to have had any salary from the public, or to have had any other emoluments, but what arose from the honoraries, or fees of his scholars. The bounty which that philosophical emperor, as we learn from Lucian, bestowed upon one of the teachers of philosophy, probably lasted no longer than his own life. There was nothing equivalent to the privileges of graduation, and to have attended any of those schools was not necessary, in order to be permitted to practise any particular trade or profession. If the opinion of their own utility could not draw scholars to them, the law neither forced any body to go to them, nor rewarded any body for having gone to them. The teachers had no jurisdiction over their pupils, nor any other authority besides that natural authority, which superior virtue and abilities never fail to procure from young people towards those who are intrusted with any part of their education.

At Rome, the study of the civil law made a part of the education, not of the greater part of the citizens, but of some particular families. The young people, however, who wished to acquire knowledge in the law, had no public school to go to, and had no other method of studying it, than by frequenting the company of such of their relations and friends, as were supposed to understand it. It is perhaps worth while to remark, that though the laws of the twelve tables were, many of them, copied from those of some ancient Greek republics, yet law never seems to have grown up to be a science in any

## 86 THE NATURE AND CAUSES OF

republic of ancient Greece. In Rome it became a science very early, and gave a considerable degree of illustration to those citizens who had the reputation of understanding it. In the republics of ancient Greece, particularly in Athens, the ordinary courts of justice consisted of numerous, and therefore disorderly, bodies of people, who frequently decided almost at random, or as clamor, faction and party spirit happened to determine. The ignominy of an unjust decision, when it was to be divided among five hundred, a thousand, or fifteen hundred people (for some of their courts were so very numerous), could not fall very heavy upon any individual. At Rome, on the contrary, the principal courts of justice consisted either of a single judge, or of a small number of judges, whose characters, especially as they deliberated always in public, could not fail to be very much affected by any rash or unjust decision. In doubtful cases, such courts, from their anxiety to avoid blame, would naturally endeavour to shelter themselves under the example, or precedent, of the judges who had sat before them, either in the same, or in some other court. This attention to practice and precedent, necessarily formed the Roman law into that regular and orderly system in which it has been delivered down to us; and the like attention has had the like effects upon the laws of every other country where such attention has taken place. The superiority of character in the Romans over that of the Greeks, so much remarked by Polybius and Dionysius of Halicarnassus,

was probably more owing to the better constitution of their courts of justice, than to any of the circumstances to which those authors ascribe it. The Romans are said to have been particularly distinguished for their superior respect to an oath. But the people who were accustomed to make oath only before some diligent and well informed court of justice, would naturally be much more attentive to what they swore, than they who were accustomed to do the same thing before mobbish and disorderly assemblies.

The abilities, both civil and military, of the Greeks and Romans, will readily be allowed to have been, at least, equal to those of any modern nation. Our prejudice is perhaps rather to overrate them. But except in what related to military exercises, the state seems to have been at no pains to form those great abilities: for I cannot be induced to believe, that the musical education of the Greeks could be of much consequence in forming them. Masters, however, had been found, it seems, for instructing the better sort of people among those nations in every art and science in which the circumstances of their society rendered it necessary or convenient for them to be instructed. The demand for such instruction produced, what it always produces, the talent for giving it; and the emulation which an unrestrained competition never fails to excite, appears to have brought that talent to a very high degree of perfection. In the attention which the ancient philosophers excited, in the empire which they acquired over the opinions and principles of

## 22 THE NATURE AND CAUSES OF

their auditors, in the faculty which they possessed of giving a certain tone and character to the conduct and conversation of those auditors; they appear to have been much superior to any modern teachers. In modern times, the diligence of public teachers is more or less corrupted by the circumstances, which render them more or less independent of their success and reputation in their particular professions. Their salaries too put the private teacher, who would pretend to come into competition with them, in the same state with a merchant who attempts to trade without a bounty, in competition with those who trade with a considerable one. If he sells his goods at nearly the same price, he cannot have the same profit, and poverty and beggary, at least, if not bankruptcy and ruin, will infallibly be his lot. If he attempts to sell them much dearer, he is likely to have so few customers that his circumstances will not be much mended. The privileges of graduation, besides, are in many countries necessary, or at least extremely convenient to most men of learned professions; that is, to the far greater part of those who have occasion for a learned education. But those privileges can be obtained only by attending the lectures of the public teachers. The most careful attendance upon the ablest instructions of any private teacher, cannot always give any title to demand them. It is from these different causes that the private teacher of any of the sciences which are commonly taught in universities, is in modern times generally considered as in the very

lowest order of men of letters. A man of real abilities can scarce find out a more humiliating or a more unprofitable employment to turn them to. The endowments of schools and colleges have, in this manner, not only corrupted the diligence of public teachers, but have rendered it almost impossible to have any good private ones.

Were there no public institutions for education, no system, no science would be taught for which there was not some demand; or which the circumstances of the times did not render it either necessary, or convenient, or at least fashionable, to learn. A private teacher could never find his account in teaching, either an exploded and antiquated system of a science acknowledged to be useful, or a science universally believed to be a mere useless and pedantic heap of sophistry and nonsense. Such systems, such sciences, can subsist no where, but in those incorporated societies for education whose prosperity and revenue are in a great measure independent of their reputation, and altogether independent of their industry. Were there no public institutions for education, a gentleman, after going through, with application and abilities, the most complete course of education which the circumstances of the times were supposed to afford, could not come into the world completely ignorant of every thing which is the common subject of conversation among gentlemen and men of the world.



There are no public institutions for the education of women, and there is accordingly nothing useless, absurd, or fantastical in the common course of their education. They are taught what their parents or guardians judge it necessary or useful for them to learn, and they are taught nothing else. Every part of their education tends evidently to some useful purpose; either to improve the natural attractions of their person, or to form their mind to reserve, to modesty, to chastity, and to œconomy; to render them both likely to become the mistresses of a family, and to behave properly when they have become such. In every part of her life a woman feels some conveniency or advantage from every part of her education. It seldom happens that a man, in any part of his life, derives any conveniency or advantage from some of the most laborious and troublesome parts of his education.

Ought the public, therefore, to give no attention, it may be asked, to the education of the people? Or if it ought to give any, what are the different parts of education which it ought to attend to in the different orders of the people? and in what manner ought it to attend to them?

In some cases the state of the society necessarily places the greater part of individuals in such situations as naturally form in them, without any attention of government, almost all the abilities and virtues which that state requires, or perhaps can admit of. In other cases the state of the society does not place the greater part of individuals in such situations, and some attention of

government is necessary in order to prevent the almost entire corruption and degeneracy of the great body of the people.

In the progress of the division of labor the employment of the far greater part of those who lived by labor, that is, of the great body of the people, comes to be confined to a few very simple operations; frequently to one or two. But the understandings of the greater part of men are necessarily formed by their ordinary employments. The man whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him, not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life. Of the great and extensive interests of his country he is altogether incapable of judging; and unless very particular pains have been taken to render him otherwise, he is equally incapable of defending his country in war. The uniformity of his stationary life naturally corrupts the courage of his mind, and makes him regard with abhorrence the irregular,

uncertain, and adventurous life of a soldier. It corrupts even the activity of his body, and renders him incapable of exerting his strength with vigor and perseverance, in any other employment than that to which he has been bred. His dexterity at his own particular trade seems, in this manner, to be acquired at the expense of his intellectual, social, and martial virtues. But in every improved and civilized society this is the state into which the laboring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it.

It is otherwise in the barbarous societies, as they are commonly called, of hunters, of shepherds, and even of husbandmen in that rude state of husbandry which precedes the improvement of manufactures, and the extension of foreign commerce. In such societies the varied occupations of every man oblige every man to exert his capacity and to invent expedients for removing difficulties which are continually occurring. Invention is kept alive, and the mind is not suffered to fall into that drowsy stupidity, which, in a civilized society, seems to benumb the understanding of almost all the inferior ranks of people. In those barbarous societies, as they are called, every man, it has already been observed, is a warrior. Every man too is in some measure a statesman, and can form a tolerable judgment concerning the interest of the society, and the conduct of those who govern it. How far their chiefs are good judges in peace, or good leaders in war, is obvious to the observation of almost every single

man among them. In such a society indeed, no man can well acquire that improved and refined understanding, which a few men sometimes possess in a more civilized state. Though in a rude society there is a good deal of variety in the occupations of every individual; there is not a great deal in those of the whole society. Every man does, or is capable of doing, almost every thing which any other man does, or is capable of doing. Every man has a considerable degree of knowledge, ingenuity and invention; but scarce any man has a great degree. The degree, however, which is commonly possessed, is generally sufficient for conducting the whole simple business of the society. In a civilized state, on the contrary, though there is little variety in the occupations of the greater part of individuals, there is an almost infinite variety in those of the whole society. These varied occupations present an almost infinite variety of objects to the contemplation of those few, who, being attached to no particular occupation themselves, have leisure and inclination to examine the occupations of other people. The contemplation of so great a variety of objects necessarily exercises their minds in endless comparisons and combinations, and renders their understandings, in an extraordinary degree, both acute and comprehensive. Unless those few, however, happen to be placed in some very particular situations, their great abilities, though honorable to themselves, may contribute very little to the good government or happiness of their society. Notwithstanding the great abilities

of those few, all the nobler parts of the human character may be, in a great measure, obliterated and extinguished in the great body of the people.

The education of the common people requires, perhaps, in a civilized and commercial society, the attention of the public more than that of people of some rank and fortune. People of some rank and fortune are generally eighteen or nineteen years of age before they enter upon the particular business, profession, or trade, by which they propose to distinguish themselves in the world. They have before that full time to acquire, or at least to fit themselves for afterwards acquiring, every accomplishment which can recommend them to the public esteem, or render them worthy of it. Their parents or guardians are generally sufficiently anxious that they should be so accomplished, and are, in most cases, willing enough to lay out the expense which is necessary for that purpose. If they are not always properly educated, it is seldom from the want of expense laid out upon their education; but from the improper application of that expense. It is seldom from the want of masters; but from the negligence and incapacity of the masters who are to be had, and from the difficulty, or rather from the impossibility which there is, in the present state of things, of finding any better. The employments too in which people of some rank or fortune spend the greater part of their lives, are not, like those of the common people, simple and uniform. They are almost all of them extremely complicated, and

such as exercise the head more than the hands. The understandings of those who are engaged in such employments can seldom grow torpid for want of exercise. The employments of people of some rank and fortune, besides, are seldom such as harass them from morning to night. They generally have a good deal of leisure, during which they may perfect themselves in every branch either of useful or ornamental knowledge of which they may have laid the foundation, or for which they may have acquired some taste in the earlier part of life.

It is otherwise with the common people. They have little time to spare for education. Their parents can scarce afford to maintain them even in infancy. As soon as they are able to work, they must apply to some trade by which they can earn their subsistence. That trade too is generally so simple and uniform as to give little exercise to the understanding; while, at the same time, their labor is both so constant and so severe, that it leaves them little leisure and less inclination to apply to, or even to think of any thing else.

But though the common people cannot, in any civilized society, be so well instructed as people of some rank and fortune, the most essential parts of education, however, to read, write, and account, can be acquired at so early a period of life, that the greater part even of those who are to be bred to the lowest occupations, have time to acquire them before they can be

## 96 THE NATURE AND CAUSES OF

employed in those occupations. For a very small expense the public can facilitate, can encourage, and can even impose upon almost the whole body of the people, the necessity of acquiring those most essential parts of education.

The public can facilitate this acquisition by establishing in every parish or district a little school, where children may be taught for a reward so moderate, that even a common laborer may afford it; the master being partly, but not wholly paid by the public; because, if he was wholly, or even principally paid by it, he would soon learn to neglect his business. In Scotland the establishment of such parish schools has taught almost the whole common people to read, and a very great proportion of them to write and account. In England the establishment of charity schools has had an effect of the same kind, though not so universally, because the establishment is not so universal. If in those little schools the books, by which the children are taught to read, were a little more instructive than they commonly are: and if, instead of a little smattering of Latin, which the children of the common people are sometimes taught there, and which can scarce ever be of any use to them; they were instructed in the elementary parts of geometry and mechanics, the literary education of this rank of people would perhaps be as complete as it can be. There is scarce a common trade which does not afford some opportunities of applying to it the principles of geometry and mechanics, and which would not therefore gradually exercise and improve

improve the common people in those principles, the necessary introduction to the most sublime as well as to the most useful sciences.

The public can encourage the acquisition of those most essential parts of education by giving small premiums, and little badges of distinction to the children of the common people who excel in them.

The public can impose upon almost the whole body of the people the necessity of acquiring those most essential parts of education, by obliging every man to undergo an examination or probation in them before he can obtain the freedom in any corporation, or be allowed to set up any trade either in a village or town corporate.

It was in this manner, by facilitating the acquisition of their military and gymnastic exercises, by encouraging it, and even by imposing upon the whole body of the people the necessity of learning those exercises, that the Greek and Roman republics maintained the martial spirit of their respective citizens. They facilitated the acquisition of those exercises by appointing a certain place for learning and practising them, and by granting to certain masters the privilege of teaching in that place. Those masters do not appear to have had either salaries or exclusive privileges of any kind. Their reward consisted altogether in what they got from their scholars; and a citizen who had learnt his exercises in the public Gymnasia, had no sort of legal advantage over one who had learnt them privately, provided the latter had learnt them equally well. Those republics encouraged



## 98 THE NATURE AND CAUSES OF

the acquisition of those exercises, by bestowing little premiums and badges of distinction upon those who excelled in them. To have gained a prize in the Olympic, Isthmian or Nemæan games, gave illustration, not only to the person who gained it, but to his whole family and kindred. The obligation which every citizen was under to serve a certain number of years, if called upon, in the armies of the republic, sufficiently imposed the necessity of learning those exercises, without which he could not be fit for that service.

That in the progress of improvement the practice of military exercises, unless government takes proper pains to support it, goes gradually to decay, and, together with it, the martial spirit of the great body of the people, the example of modern Europe sufficiently demonstrates. But the security of every society must always depend, more or less, upon the martial spirit of the great body of the people. In the present times, indeed, that martial spirit alone, and unsupported by a well-disciplined standing army, would not, perhaps be sufficient for the defence and security of any society. But where every citizen had the spirit of a soldier, a smaller standing army would surely be requisite. That spirit, besides, would necessarily diminish very much the dangers to liberty, whether real or imaginary, which are commonly apprehended from a standing army. As it would very much facilitate the operations of that army against a foreign invader, so it would obstruct them as much if unfortunately



## THE WEALTH OF NATIONS

they should ever be directed against the constitution of the state.

The ancient institutions of Greece and Rome seem to have been much more effectual, for maintaining the martial spirit of the great body of the people, than the establishment of what are called the militias of modern times. They were much more simple. When they were once established, they executed themselves, and it required little or no attention from government to maintain them in the most perfect vigor. Whereas to maintain, even in tolerable execution, the complex regulations of any modern militia, requires the continual and painful attention of government, without which they are constantly falling into total neglect and disuse. The influence, besides, of the ancient institutions was much more universal. By means of them the whole body of the people was completely instructed in the use of arms. Whereas it is but a very small part of them who can ever be so instructed by the regulations of any modern militia; except, perhaps, that of Switzerland. But a coward, a man incapable either of defending or of revenging himself, evidently wants one of the most essential parts of the character of a man. He is as much mutilated and deformed in his mind, as another is in his body, who is either deprived of some of its most essential members, or has lost the use of them. He is evidently the more wretched and miserable of the two; because happiness and misery, which reside altogether in the mind, must necessarily depend more upon the healthful

or unhealthful, the mutilated or entire state of the mind, than upon that of the body. Even though the martial spirit of the people were of no use towards the defence of the society, yet to prevent that sort of mental mutilation, deformity, and wretchedness, which cowardice necessarily involves in it, from spreading themselves through the great body of the people, would still deserve the most serious attention of government; in the same manner as it would deserve its most serious attention to prevent a leprosy or any other loathsome and offensive disease, though neither mortal nor dangerous, from spreading itself among them; though, perhaps, no other public good might result from such attention besides the prevention of so great a public evil.

The same thing may be said of the gross ignorance and stupidity which, in a civilized society, seem so frequently to benumb the understandings of all the inferior ranks of people. A man without the proper use of the intellectual faculties of a man, is, if possible, more contemptible than even a coward, and seems to be mutilated and deformed in a still more essential part of the character of human nature. Though the state was to derive no advantage from the instruction of the inferior ranks of people, it would still deserve its attention that they should not be altogether uninstructed. The state, however, derives no inconsiderable advantage from their instruction. The more they are instructed; the less liable they are to the delusions of enthusiasm and superstition, which, among ignorant nations, frequently occasion the most

dreadful disorders. An instructed and intelligent people besides, are always more decent and orderly than an ignorant and stupid one. They feel themselves, each individually, more respectable, and more likely to obtain the respect of their lawful superiors, and they are therefore more disposed to respect those superiors. They are more disposed to examine, and more capable of seeing through, the interested complaints of faction and sedition, and they are, upon that account, less apt to be misled into any wanton or unnecessary opposition to the measures of government. In free countries, where the safety of government depends very much upon the favorable judgment which the people may form of its conduct, it must surely be of the highest importance that they should not be disposed to judge rashly or capriciously concerning it.

### ARTICLE III.

*Of the Expense of the Institutions for the Instruction of People of all Ages.*

THE institutions for the instruction of people of all ages are chiefly those for religious instruction. This is a species of instruction of which the object is not so much to render the people good citizens in this world, as to prepare them for another and a better world in a life to come. The teachers of the doctrine which contains this instruction, in the same manner as other teachers, may either depend altogether for their subsistence

upon the voluntary contributions of their hearers; or they may derive it from some other fund to which the law of their country may entitle them; such as a landed estate, a tithe or land tax, an established salary or stipend. Their exertion, their zeal and industry, are likely to be much greater in the former situation than in the latter. In this respect the teachers of new religions have always had a considerable advantage in attacking those ancient and established systems of which the clergy, reposing themselves upon their benefices, had neglected to keep up the fervor of faith and devotion in the great body of the people; and having given themselves up to indolence, were become altogether incapable of making any vigorous exertion in defence even of their own establishment. The clergy of an established and well-endowed religion frequently become men of learning and elegance, who possess all the virtues of gentlemen, or which can recommend them to the esteem of gentlemen; but they are apt gradually to lose the qualities, both good and bad, which gave them authority and influence with the inferior ranks of people, and which had perhaps been the original causes of the success and establishment of their religion. Such a clergy, when attacked by a set of popular and bold, though perhaps stupid and ignorant enthusiasts, feel themselves as perfectly defenceless as the indolent, effeminate, and full-fed nations of the southern parts of Asia, when they were invaded by the active, hardy, and hungry Tartars of the North. Such a clergy,

upon such an emergency, have commonly no other resource than to call upon the civil magistrate to persecute, destroy, or drive out their adversaries, as disturbers of the public peace. It was thus that the Roman catholic clergy called upon the civil magistrate to persecute the protestants; and the church of England, to persecute the dissenters; and that in general every religious sect, when it has once enjoyed for a century or two the security of a legal establishment, has found itself incapable of making any vigorous defence against any new sect which chose to attack its doctrine or discipline. Upon such occasions the advantage in point of learning and good writing may sometimes be on the side of the established church. But the arts of popularity, all the arts of gaining proselytes are constantly on the side of its adversaries. In England those arts have been long neglected by the well-endowed clergy of the established church, and are at present chiefly cultivated by the dissenters and by the methodists. The independent provisions, however, which in many places have been made for dissenting teachers, by means of voluntary subscriptions, of trust rights, and other evasions of the law, seem very much to have abated the zeal and activity of those teachers. They have many of them become very learned, ingenious, and respectable men; but they have in general ceased to be very popular preachers. The methodists, without half the learning of the dissenters are much more in vogue.

In the church of Rome, the industry and zeal of the inferior clergy are kept more alive by the powerful motive of self-interest, than perhaps in any established protestant church. The parochial clergy derive, many of them, a very considerable part of their subsistence from the voluntary oblations of the people; a source of revenue which confession gives them many opportunities of improving. The mendicant orders derive their whole subsistence from such oblations. It is with them, as with the hussars and light infantry of some armies; no plunder, no pay. The parochial clergy are like those teachers whose reward depends partly upon their salary, and partly upon the fees or honoraries which they get from their pupils; and these must always depend more or less upon their industry and reputation. The mendicant orders are like those teachers whose subsistence depends altogether upon their industry. They are obliged, therefore, to use every art which can animate the devotion of the common people. The establishment of the two great mendicant orders of St. Dominic and St. Francis, it is observed by Machiavel, revived, in the thirteenth and fourteenth centuries, the languishing faith and devotion of the catholic church. In Roman catholic countries the spirit of devotion is supported altogether by the monks and by the poorer parochial clergy. The great dignitaries of the church, with all the accomplishments of gentlemen and men of the world, and sometimes with those of men of learning, are careful enough to maintain the necessary discipline

over their inferiors, but seldom give themselves any trouble about the instruction of the people.

“ Most of the arts and professions in a state,” says by far the most illustrious philosopher and historian of the present age, “ are of such a nature, that, while they promote the interests of the society, they are also useful or agreeable to some individuals; and in that case, the constant rule of the magistrate, except, perhaps, on the first introduction of any art, is, to leave the profession to itself, and trust its encouragement to the individuals who reap the benefit of it. The artisans, finding their profits to rise by the favor of their customers increase, as much as possible, their skill and industry; and as matters are not disturbed by any injudicious tampering, the commodity is always sure to be at all times nearly proportioned to the demand.

“ But there are also some callings, which, though useful and even necessary in a state, bring no advantage or pleasure to any individual, and the supreme power is obliged to alter its conduct with regard to the retainers of those professions. It must give them public encouragement in order to their subsistence, and it must provide against that negligence to which they will naturally be subject, either by annexing particular honors to the profession, by establishing a long subordination of ranks and a strict dependence, or by some other expedient. The persons employed in the finances,



## 106 THE NATURE AND CAUSES OF

“ fleets, and magistracy, are instances of this order  
“ of men.

“ It may naturally be thought, at first sight,  
“ that the ecclesiastics belong to the first class,  
“ and that their encouragement, as well as that of  
“ lawyers and physicians, may safely be intrusted  
“ to the liberality of individuals, who are attached  
“ to their doctrines, and who find benefit or  
“ consolation from their spiritual ministry and  
“ assistance. Their industry and vigilance will, no  
“ doubt, be whetted by such an additional motive;  
“ and their skill in the profession, as well as their  
“ address in governing the minds of people, must  
“ receive daily increase, from their increasing  
“ practice, study, and attention.

“ But if we consider the matter more closely,  
“ we shall find, that this interested diligence of the  
“ clergy is what every wise legislator will study  
“ to prevent; because, in every religion except  
“ the true, it is highly pernicious, and it has  
“ even a natural tendency to pervert the true, by  
“ infusing into it a strong mixture of superstition,  
“ folly, and delusion. Each ghostly practitioner, in  
“ order to render himself more precious and sacred  
“ in the eyes of his retainers, will inspire them  
“ with the most violent abhorrence of all other  
“ sects, and continually endeavour, by some  
“ novelty, to excite the languid devotion of his  
“ audience. No regard will be paid to truth,  
“ morals, or decency in the doctrines inculcated.  
“ Every tenet will be adopted that best suits the dis-  
“ orderly affections of the human frame. Customers

“ will be drawn to each conventicle by new industry and address in practising on the passions and credulity of the populace. And in the end, the civil magistrate will find, that he has dearly paid for his pretended frugality, in saving a fixed establishment for the priests; and that in reality the most decent and advantageous composition, which he can make with the spiritual guides, is to bribe their indolence, by assigning stated salaries to their profession, and rendering it superfluous for them to be farther active, than merely prevent their flock from straying in quest of new pastures. And in this manner ecclesiastical establishments, though commonly they arose at first from religious views, prove in the end advantageous to the political interests of society.”

But whatever may have been the good or bad effects of the independent provision of the clergy; it has perhaps, been very seldom bestowed upon them from any view to those effects. Times of violent religious controversy have generally been times of equally violent political faction. Upon such occasions, each political party has either found it, or imagined it, for its interest, to league itself with some one or other of the contending religious sects. But this could be done only by adopting, or at least by favoring, the tenets of that particular sect. The sect which had the good fortune to be leagued with the conquering party, necessarily shared in the victory of its ally, by whose favor and protection it was soon enabled

in some degree to silence and subdue all its adversaries. Those adversaries had generally leagued themselves with the enemies of the conquering party, and were therefore the enemies of that party. The clergy of this particular sect having thus become complete masters of the field, and their influence and authority with the great body of the people being in its highest vigor, they were powerful enough to over-awe the chiefs and leaders of their own party, and to oblige the civil magistrate to respect their opinions and inclinations. Their first demand was generally, that he should silence and subdue all their adversaries; and their second, that he should bestow an independent provision on themselves. As they had generally contributed a good deal to the victory, it seemed not unreasonable that they should have some share in the spoil. They were weary, besides, of humoring the people, and of depending upon their caprice for a subsistence. In making this demand, therefore, they consulted their own ease and comfort, without troubling themselves about the effect which it might have in future times upon the influence and authority of their order. The civil magistrate, who could comply with this demand only by giving them something which he would have chosen much rather to take, or to keep to himself, was seldom very forward to grant it. Necessity, however, always forced him to submit at last, though frequently not till after many delays, evasions, and affected excuses. But if politics had never called in the aid of religion, had the conquering party never adopted

the tenets of one sect more than those of another, when it had gained the victory, it would probably have dealt equally and impartially with all the different sects, and have allowed every man to chuse his own priest and his own religion as he thought proper. There would in this case, no doubt, have been a great multitude of religious sects. Almost every different congregation might probably have made a little sect by itself, or have entertained some peculiar tenets of its own. Each teacher would no doubt have felt himself under the necessity of making the utmost exertion, and of using every art both to preserve and to increase the number of his disciples. But as every other teacher would have felt himself under the same necessity, the success of no one teacher, or sect of teachers, could have been very great. The interested and active zeal of religious teachers can be dangerous and troublesome only where there is, either but one sect tolerated in the society, or where the whole of a large society is divided into two or three great sects; the teachers of each acting by concert, and under a regular discipline and subordination. But that zeal must be altogether innocent where the society is divided into two or three hundred, or perhaps into as many thousand small sects, of which no one could be considerable enough to disturb the public tranquillity. The teachers of each sect, seeing themselves surrounded on all sides with more adversaries than friends, would be obliged to learn that candor and moderation which is so seldom to be found among the teachers of those great sects,

whose tenets being supported by the civil magistrate, are held in veneration by almost all the inhabitants of extensive kingdoms and empires, and who therefore see nothing round them but followers, disciples, and humble admirers. The teachers of each little sect, finding themselves almost alone, would be obliged to respect those of almost every other sect, and the concessions which they would mutually find it both convenient and agreeable to make to one another, might in time probably reduce the doctrine of the greater part of them to that pure and rational religion, free from every mixture of absurdity, imposture, or fanaticism, such as wise men have in all ages of the world wished to see established; but such as positive law has perhaps never yet established, and probably never will establish in any country: because, with regard to religion, positive law always has been, and probably always will be, more or less influenced by popular superstition and enthusiasm. This plan of ecclesiastical government, or more properly of no ecclesiastical government, was what the sect called Independents, a sect no doubt of very wild enthusiasts, proposed to establish in England towards the end of the civil war. If it had been established, though of a very unphilosophical origin, it would probably by this time have been productive of the most philosophical good temper and moderation with regard to every sort of religious principle. It has been established in Pennsylvania, where, though the Quakers happen to be the most numerous, the law in reality

favors no one sect more than another, and it is there said to have been productive of this philosophical good temper and moderation.

But though this equality of treatment should not be productive of this good temper and moderation in all, or even in the greater part of the religious sects of a particular country; yet provided those sects were sufficiently numerous, and each of them consequently too small to disturb the public tranquillity, the excessive zeal of each for its particular tenets could not well be productive of any very hurtful effects, but, on the contrary, of several good ones: and if the government was perfectly decided both to let them all alone, and to oblige them all to let alone one another, there is little danger that they would not of their own accord subdivide themselves fast enough, so as soon to become sufficiently numerous.

In every civilized society, in every society where the distinction of ranks has once been completely established, there have been always two different schemes or systems of morality current at the same time; of which the one may be called the strict or austere; the other the liberal, or, if you will, the loose system. The former is generally admired and revered by the common people: the latter is commonly more esteemed and adopted by what are called people of fashion. The degree of disapprobation with which we ought to mark the vices of levity, the vices which are apt to arise from great prosperity, and from the excess of gaiety and good humor, seems to

constitute the principal distinction between those two opposite schemes or systems. In the liberal or loose system, luxury, wanton and even disorderly mirth, the pursuit of pleasure to some degree of intemperance, the breach of chastity, at least in one of the two sexes, &c. provided they are not accompanied with gross indecency, and do not lead to falsehood or injustice, are generally treated with a good deal of indulgence, and are easily either excused or pardoned altogether. In the austere system, on the contrary, those excesses are regarded with the utmost abhorrence and detestation. The vices of levity are always ruinous to the common people, and a single week's thoughtlessness and dissipation is often sufficient to undo a poor workman for ever, and to drive him through despair upon committing the most enormous crimes. The wiser and better sort of the common people, therefore, have always the utmost abhorrence and detestation of such excesses, which their experience tells them are so immediately fatal to people of their condition. The disorder and extravagance of several years, on the contrary, will not always ruin a man of fashion, and people of that rank are very apt to consider the power of indulging in some degree of excess as one of the advantages of their fortune, and the liberty of doing so without censure or reproach, as one of the privileges which belong to their station. In people of their own station, therefore, they regard such excesses with but a small degree of disapprobation, and censure them either very slightly or not at all.

Almost

Almost all religious sects have begun among the common people, from whom they have generally drawn their earliest, as well as their most numerous profelytes. The austere system of morality has, accordingly, been adopted by those sects almost constantly, or with very few exceptions; for there have been some. It was the system by which they could best recommend themselves to that order of people to whom they first proposed their plan of reformation upon what had been before established. Many of them, perhaps the greater part of them, have even endeavoured to gain credit by refining upon this austere system, and by carrying it to some degree of folly and extravagance; and this excessive rigor has frequently recommended them more than any thing else to the respect and veneration of the common people.

A man of rank and fortune is by his station the distinguished member of a great society, who attend to every part of his conduct, and who thereby oblige him to attend to every part of it himself. His authority and consideration depend very much upon the respect which this society bears to him. He dare not do any thing which would disgrace or discredit him in it, and he is obliged to a very strict observation of that species of morals, whether liberal or austere, which the general consent of this society prescribes to persons of his rank and fortune. A man of low condition, on the contrary, is far from being a distinguished member of any great society. While he remains in a country village his conduct may be



attended to, and he may be obliged to attend to it himself. In this situation, and in this situation only, he may have what is called a character to lose. But as soon as he comes into a great city, he is sunk in obscurity and darkness. His conduct is observed and attended to by nobody, and he is therefore very likely to neglect it himself, and to abandon himself to every sort of low profligacy and vice. He never emerges so effectually from this obscurity, his conduct never excites so much the attention of any respectable society, as by his becoming the member of a small religious sect. He from that moment acquires a degree of consideration which he never had before. All his brother sectaries are, for the credit of the sect, interested to observe his conduct, and if he gives occasion to any scandal, if he deviates very much from those austere morals which they almost always require of one another, to punish him by what is always a very severe punishment, even where no civil effects attend it, expulsion or excommunication from the sect. In little religious sects, accordingly, the morals of the common people have been almost always remarkably regular and orderly; generally much more so than in the established church. The morals of those little sects, indeed, have frequently been rather disagreeably rigorous and unsocial.

There are two very easy and effectual remedies, however, by whose joint operation the state might, without violence, correct whatever was unsocial or disagreeably rigorous in the morals of all the little sects into which the country was divided.

The first of those remedies is the study of science and philosophy, which the state might render almost universal among all people of middling or more than middling rank and fortune; not by giving salaries to teachers in order to make them negligent and idle, but by instituting some sort of probation, even in the higher and more difficult sciences, to be undergone by every person before he was permitted to exercise any liberal profession, or before he could be received as a candidate for any honorable office of trust or profit. If the state imposed upon this order of men the necessity of learning, it would have no occasion to give itself any trouble about providing them with proper teachers. They would soon find better teachers for themselves than any whom the state could provide for them. Science is the great antidote to the poison of enthusiasm and superstition; and where all the superior ranks of people were secured from it, the inferior ranks could not be much exposed to it.

The second of those remedies is the frequency and gaiety of public diversions. The state, by encouraging, that is by giving entire liberty to all those who for their own interest would attempt, without scandal or indecency, to amuse and divert the people by painting, poetry, music, dancing; by all sorts of dramatic representations and exhibitions, would easily dissipate, in the greater part of them, that melancholy and gloomy humor which is almost always the nurse of popular superstition and enthusiasm. Public diversions have

## 116 THE NATURE AND CAUSES OF

always been the objects of dread and hatred, to all the fanatical promoters of those popular frenzies. The gaiety and good humor which those diversions inspire were altogether inconsistent with that temper of mind, which was fittest for their purpose, or which they could best work upon. Dramatic representations besides, frequently exposing their artifices to public ridicule, and sometimes even to public execration, were upon that account, more than all other diversions, the objects of their peculiar abhorrence.

In a country where the law favored the teachers of no one religion more than those of another, it would not be necessary that any of them should have any particular or immediate dependency upon the sovereign or executive power; or that he should have any thing to do, either in appointing, or in dismissing them from their offices. In such a situation he would have no occasion to give himself any concern about them, further than to keep the peace among them, in the same manner as among the rest of his subjects; that is, to hinder them from persecuting, abusing, or oppressing one another. But it is quite otherwise in countries where there is an established or governing religion. The sovereign can in this case never be secure, unless he has the means of influencing in a considerable degree the greater part of the teachers of that religion.

The clergy of every established church constitute a great incorporation. They can act in concert, and pursue their interest upon one plan and with one spirit, as much as if they were under the

direction of one man; and they are frequently too under such direction. Their interest as an incorporated body is never the same with that of the sovereign, and is sometimes directly opposite to it. Their great interest is to maintain their authority with the people; and this authority depends upon the supposed certainty and importance of the whole doctrine which they inculcate, and upon the supposed necessity of adopting every part of it with the most implicit faith, in order to avoid eternal misery. Should the sovereign have the imprudence to appear either to deride or doubt himself of the most trifling part of their doctrine, or from humanity attempt to protect those who did either the one or the other, the punctilious honor of a clergy who have no sort of dependency upon him, is immediately provoked to proscribe him as a profane person, and to employ all the terrors of religion in order to oblige the people to transfer their allegiance to some more orthodox and obedient prince. Should he oppose any of their pretensions or usurpations, the danger is equally great. The princes who have dared in this manner to rebel against the church, over and above this crime of rebellion, have generally been charged too with the additional crime of heresy, notwithstanding their solemn protestations of their faith and humble submission to every tenet which she thought proper to prescribe to them. But the authority of religion is superior to every other authority. The fears which it suggests conquer all other fears. When the authorized teachers of

## 118 THE NATURE AND CAUSES OF

religion propagate through the great body of the people doctrines subversive of the authority of the sovereign, it is by violence only, or by the force of a standing army, that he can maintain his authority. Even a standing army cannot in this case give him any lasting security; because if the soldiers are not foreigners, which can seldom be the case, but drawn from the great body of the people, which must almost always be the case, they are likely to be soon corrupted by those very doctrines. The revolutions which the turbulence of the Greek clergy was continually occasioning at Constantinople, as long as the eastern empire subsisted; the convulsions which, during the course of several centuries, the turbulence of the Roman clergy was continually occasioning in every part of Europe, sufficiently demonstrate how precarious and insecure must always be the situation of the sovereign who has no proper means of influencing the clergy of the established and governing religion of his country.

Articles of faith, as well as all other spiritual matters, it is evident enough, are not within the proper department of a temporal sovereign, who, though he may be very well qualified for protecting, is seldom supposed to be so for instructing the people. With regard to such matters, therefore, his authority can seldom be sufficient to counterbalance the united authority of the clergy of the established church. The public tranquillity, however, and his own security, may frequently depend upon the doctrines which they may think proper

to propagate concerning such matters. As he can seldom directly oppose their decision, therefore, with proper weight and authority, it is necessary that he should be able to influence it; and he can influence it only by the fears and expectations which he may excite in the greater part of the individuals of the order. Those fears and expectations may consist in the fear of deprivation or other punishment, and in the expectation of further preferment.

In all Christian churches the benefices of the clergy are a sort of freeholds which they enjoy, not during pleasure, but during life, or good behaviour. If they held them by a more precarious tenure, and were liable to be turned out upon every slight disobligation either of the sovereign or of his ministers, it would perhaps be impossible for them to maintain their authority with the people, who would then consider them as mercenary dependents upon the court, in the sincerity of whose instructions they could no longer have any confidence. But should the sovereign attempt irregularly, and by violence, to deprive any number of clergymen of their freeholds, on account, perhaps, of their having propagated, with more than ordinary zeal, some factious or seditious doctrine, he would only render, by such persecution, both them and their doctrine ten times more popular, and therefore ten times more troublesome and dangerous than they had been before. Fear is in almost all cases a wretched instrument of government, and ought in particular never to be employed against any order of men who

## 120 THE NATURE AND CAUSES OF

have the smallest pretensions to independency. To attempt to terrify them, serves only to irritate their bad humor, and to confirm them in an opposition which more gentle usage perhaps might easily induce them, either to soften or to lay aside altogether. The violence which the French government usually employed in order to oblige all their parliaments, or sovereign courts of justice, to enregister any unpopular edict, very seldom succeeded. The means commonly employed, however, the imprisonment of all the refractory members, one would think were forcible enough. The princes of the house of Stewart sometimes employed the like means in order to influence some of the members of the parliament of England; and they generally found them equally intractable. The parliament of England is now managed in another manner; and a very small experiment, which the duke of Choiseul made about twelve years ago upon the parliament of Paris, demonstrated sufficiently that all the parliaments of France might have been managed still more easily in the same manner. That experiment was not pursued. For though management and persuasion are always the easiest and the safest instruments of government, as force and violence are the worst and the most dangerous, yet such, it seems, is the natural insolence of man, that he almost always disdains to use the good instrument, except when he cannot or dare not use the bad one. The French government could and durst use force, and therefore disdained to use management and persuasion. But there is no order of men, it appears, I believe, from

the experience of all ages, upon whom it is so dangerous, or rather so perfectly ruinous, to employ force and violence, as upon the respected clergy of any established church. The rights, the privileges, the personal liberty of every individual ecclesiastic, who is upon good terms with his own order, are, even in the most despotic governments, more respected than those of any other person of nearly equal rank and fortune. It is so in every gradation of despotism, from that of the gentle and mild government of Paris, to that of the violent and furious government of Constantinople. But though this order of men can scarce ever be forced, they may be managed as easily as any other; and the security of the sovereign, as well as the public tranquillity, seems to depend very much upon the means which he has of managing them; and those means seem to consist altogether in the preferment which he has to bestow upon them.

In the ancient constitution of the Christian church, the bishop of each diocese was elected by the joint votes of the clergy and of the people of the episcopal city. The people did not long retain their right of election; and while they did retain it, they almost always acted under the influence of the clergy, who in such spiritual matters appeared to be their natural guides. The clergy, however, soon grew weary of the trouble of managing them, and found it easier to elect their own bishops themselves. The abbot, in the same manner, was elected by the monks of the monastery, at least in the greater part of abbacies. All the inferior



ecclesiastical benefices comprehended within the diocese were collated by the bishop, who bestowed them upon such ecclesiastics as he thought proper. All church preferments were in this manner in the disposal of the church. The sovereign, though he might have some indirect influence in those elections, and though it was sometimes usual to ask both his consent to elect, and his approbation of the election, yet had no direct or sufficient means of managing the clergy. The ambition of every clergyman naturally led him to pay court, not so much to his sovereign, as to his own order, from which only he could expect preferment.

Through the greater part of Europe the Pope gradually drew to himself first the collation of almost all bishoprics and abbacies, or of what were called Consistorial benefices, and afterwards, by various machinations and pretences, of the greater part of inferior benefices comprehended within each diocese; little more being left to the bishop than what was barely necessary to give him a decent authority with his own clergy. By this arrangement the condition of the sovereign was still worse than it had been before. The clergy of all the different countries of Europe were thus formed into a sort of spiritual army, dispersed in different quarters, indeed, but of which all the movements and operations could now be directed by one head, and conducted upon one uniform plan. The clergy of each particular country might be considered as a particular detachment of that army, of which the operations could easily be

supported and seconded by all the other detachments quartered in the different countries round about. Each detachment was not only independent of the sovereign of the country in which it was quartered, and by which it was maintained, but dependent upon a foreign sovereign, who could at any time turn its arms against the sovereign of that particular country, and support them by the arms of all the other detachments.

Those arms were the most formidable that can well be imagined. In the ancient state of Europe, before the establishment of arts and manufactures, the wealth of the clergy gave them the same sort of influence over the common people, which that of the great barons gave them over their respective vassals, tenants, and retainers. In the great landed estates, which the mistaken piety both of princes and private persons had bestowed upon the church, jurisdictions were established of the same kind with those of the great barons; and for the same reason. In those great landed estates, the clergy, or their bailiffs, could easily keep the peace without the support or assistance either of the king or of any other person; and neither the king nor any other person could keep the peace there without the support and assistance of the clergy. The jurisdictions of the clergy, therefore, in their particular baronies or manors, were equally independent, and equally exclusive of the authority of the king's courts, as those of the great temporal lords. The tenants of the clergy were, like those of the great barons, almost all tenants at will, entirely dependent

upon their immediate lords, and therefore liable to be called out at pleasure, in order to fight in any quarrel in which the clergy might think proper to engage them. Over and above the rents of those estates, the clergy possessed, in the tithes, a very large portion of the rents of all the other estates in every kingdom of Europe. The revenues arising from both those species of rents were, the greater part of them, paid in kind, in corn, wine, cattle, poultry, &c. The quantity exceeded greatly what the clergy could themselves consume; and there were neither arts nor manufactures for the produce of which they could exchange the surplus. The clergy could derive advantage from this immense surplus in no other way than by employing it, as the great barons employed the like surplus of their revenues, in the most profuse hospitality, and in the most extensive charity. Both the hospitality and the charity of the ancient clergy, accordingly, are said to have been very great. They not only maintained almost the whole poor of every kingdom, but many knights and gentlemen had frequently no other means of subsistence than by travelling about from monastery to monastery, under pretence of devotion, but in reality to enjoy the hospitality of the clergy. The retainers of some particular prelates were often as numerous as those of the greatest lay-lords; and the retainers of all the clergy taken together were, perhaps, more numerous than those of all the lay-lords. There was always much more union among the clergy than among the lay-lords. The former were under

a regular discipline and subordination to the papal authority. The latter were under no regular discipline or subordination, but almost always equally jealous of one another, and of the king. Though the tenants and retainers of the clergy, therefore, had both together been less numerous than those of the great lay-lords, and their tenants were probably much less numerous, yet their union would have rendered them more formidable. The hospitality and charity of the clergy too, not only gave them the command of a great temporal force, but increased very much the weight of their spiritual weapons. Those virtues procured them the highest respect and veneration among all the inferior ranks of people, of whom many were constantly, and almost all occasionally, fed by them. Every thing belonging or related to so popular an order, its possessions, its privileges, its doctrines, necessarily appeared sacred in the eyes of the common people, and every violation of them, whether real or pretended, the highest act of sacrilegious wickedness and profaneness. In this state of things, if the sovereign frequently found it difficult to resist the confederacy of a few of the great nobility, we cannot wonder that he should find it still more so to resist the united force of the clergy of his own dominions, supported by that of the clergy of all the neighbouring dominions. In such circumstances the wonder is, not that he was sometimes obliged to yield, but that he ever was able to resist.

The privileges of the clergy in those ancient times (which to us who live in the present times appear the most absurd), their total exemption from the secular jurisdiction, for example, or what in England was called the benefit of clergy; were the natural or rather the necessary consequences of this state of things. How dangerous must it have been for the sovereign to attempt to punish a clergyman for any crime whatever, if his own order were disposed to protect him, and to represent either the proof as insufficient for convicting so holy a man, or the punishment as too severe to be inflicted upon one whose person had been rendered sacred by religion? The sovereign could, in such circumstances, do no better than leave him to be tried by the ecclesiastical courts, who, for the honor of their own order, were interested to restrain, as much as possible, every member of it from committing enormous crimes, or even from giving occasion to such gross scandal as might disgust the minds of the people.

In the state in which things were through the greater part of Europe during the tenth, eleventh, twelfth, and thirteenth centuries, and for some time both before and after that period, the constitution of the church of Rome may be considered as the most formidable combination that ever was formed against the authority and security of civil government, as well as against the liberty, reason, and happiness of mankind, which can flourish only where civil government is able to protect them. In that constitution the grossest delusions of

superstition were supported in such a manner by the private interests of so great a number of people as put them out of all danger from any assault of human reason: because though human reason might perhaps have been able to unveil, even to the eyes of the common people, some of the delusions of superstition; it could never have dissolved the ties of private interest. Had this constitution been attacked by no other enemies but the feeble efforts of human reason, it must have endured for ever. But that immense and well-built fabric, which all the wisdom and virtue of man could never have shaken, much less have overturned, was by the natural course of things, first weakened, and afterwards in part destroyed, and is now likely, in the course of a few centuries more, perhaps, to crumble into ruins altogether.

The gradual improvements of arts, manufactures, and commerce, the same causes which destroyed the power of the great barons, destroyed in the same manner, through the greater part of Europe, the whole temporal power of the clergy. In the produce of arts, manufactures, and commerce, the clergy, like the great barons, found something for which they could exchange their rude produce, and thereby discovered the means of spending their whole revenues upon their own persons, without giving any considerable share of them to other people. Their charity became gradually less extensive, their hospitality less liberal of less profuse. Their retainers became consequently less numerous, and by degrees dwindled away altogether. The

## 128 THE NATURE AND CAUSES OF

clergy too, like the great barons, wished to get a better rent from their landed estates, in order to spend it, in the same manner, upon the gratification of their own private vanity and folly. But this increase of rent could be got only by granting leases to their tenants, who thereby became in a great measure independent of them. The ties of interest, which bound the inferior ranks of people to the clergy, were in this manner gradually broken and dissolved. They were even broken and dissolved sooner than those which bound the same ranks of people to the great barons: because the benefices of the church being, the greater part of them, much smaller than the estates of the great barons, the possessor of each benefice was much sooner able to spend the whole of its revenue upon his own person. During the greater part of the fourteenth and fifteenth centuries the power of the great barons was, through the greater part of Europe, in full vigor. But the temporal power of the clergy, the absolute command which they had once had over the great body of the people, was very much decayed. The power of the church was by that time very nearly reduced through the greater part of Europe to what arose from her spiritual authority; and even that spiritual authority was much weakened when it ceased to be supported by the charity and hospitality of the clergy. The inferior ranks of people no longer looked upon that order, as they had done before, as the comforters of their distress, and the relievers of their indigence. On the contrary,

contrary, they were provoked and disgusted by the vanity, luxury, and expence of the richer clergy, who appeared to spend upon their own pleasures what had always before been regarded as the patrimony of the poor.

In this situation of things, the sovereigns in the different states of Europe endeavoured to recover the influence which they had once had in the disposal of the great benefices of the church, by procuring to the deans and chapters of each diocese the restoration of their ancient right of electing the bishop, and to the monks of each abbacy that of electing the abbot. The re-establishing of this ancient order was the object of several statutes enacted in England during the course of the fourteenth century, particularly of what is called the statute of provisors; and of the Pragmatic sanction established in France in the fifteenth century. In order to render the election valid, it was necessary that the sovereign should both consent to it beforehand, and afterwards approve of the person elected; and though the election was still supposed to be free, he had, however, all the indirect means which his situation necessarily afforded him, of influencing the clergy in his own dominions. Other regulations of a similar tendency were established in other parts of Europe. But the power of the pope in the collation of the great benefices of the church seems, before the reformation, to have been no-where so effectually and so universally restrained as in France and England. The Concordat afterwards, in the sixteenth century, gave to the



kings of France the absolute right of presenting to all the great, or what are called the consistorial benefices of the Gallican church.

Since the establishment of the Pragmatic sanction and of the Concordat, the clergy of France have in general shown less respect to the decrees of the papal court than the clergy of any other catholic country. In all the disputes which their sovereign has had with the pope, they have almost constantly taken party with the former. This independency of the clergy of France upon the court of Rome, seems to be principally founded upon the Pragmatic sanction and the Concordat. In the earlier periods of the monarchy, the clergy of France appear to have been as much devoted to the pope as those of any other country. When Robert the second prince of the Capetian race, was most unjustly excommunicated by the court of Rome, his own servants, it is said, threw the victuals which came from his table to the dogs, and refused to taste any thing themselves which had been polluted by the contact of a person in his situation. They were taught to do so, it may very safely be presumed, by the clergy of his own dominions.

The claim of collating to the great benefices of the church, a claim in defence of which the court of Rome had frequently shaken, and sometimes overturned the thrones of some of the greatest sovereigns in Christendom, was in this manner either restrained or modified, or given up altogether, in many different parts of Europe, even before the time of the reformation. As the clergy

had now less influence over the people, so the state had more influence over the clergy. The clergy therefore had both less power and less inclination to disturb the state.

The authority of the church of Rome was in this state of declension, when the disputes which gave birth to the reformation, began in Germany, and soon spread themselves through every part of Europe. The new doctrines were every where received with a high degree of popular favor. They were propagated with all that enthusiastic zeal which commonly animates the spirit of party, when it attacks established authority. The teachers of those doctrines, though perhaps in other respects not more learned than many of the divines who defended the established church, seem in general to have been better acquainted with ecclesiastical history, and with the origin and progress of that system of opinions upon which the authority of the church was established, and they had thereby some advantage in almost every dispute. The austerity of their manners gave them authority with the common people, who contrasted the strict regularity of their conduct with the disorderly lives of the greater part of their own clergy. They possessed too in a much higher degree than their adversaries, all the arts of popularity and of gaining proselytes, arts which the lofty and dignified sons of the church had long neglected, as being to them in a great measure useless. The reason of the new doctrines recommended them to some, their novelty to many; the hatred and contempt of the established

clergy to a still greater number; but the zealous, passionate, and fanatical, though frequently coarse and rustic eloquence with which they were almost every where inculcated, recommended them to by far the greatest number.

The success of the new doctrines was almost every where so great, that the princes who at that time happened to be on bad terms with the court of Rome, were by means of them easily enabled, in their own dominions, to overturn the church, which having lost the respect and veneration of the inferior ranks of people, could make scarce any resistance. The court of Rome had disoblged some of the smaller princes in the northern parts of Germany, whom it had probably considered as too insignificant to be worth the managing. They universally, therefore, established the reformation in their own dominions.

The tyranny of Christiern II. and of Troll archbishop of Upsal, enabled Gustavus Vasa to expel them both from Sweden. The pope favored the tyrant and the archbishop, and Gustavus Vasa found no difficulty in establishing the reformation in Sweden. Christiern II. was afterwards deposed from the throne of Denmark, where his conduct had rendered him as odious as in Sweden. The pope, however, was still disposed to favor him, and Frederic of Holstein, who had mounted the throne in his stead, revenged himself by following the example of Gustavus Vasa. The magistrates of Berne and Zurich, who had no particular quarrel with the pope, established with great ease the reformation in their respective cantons, where

just before some of the clergy had, by an imposture somewhat grosser than ordinary, rendered the whole order both odious and contemptible.

In this critical situation of its affairs, the papal court was at sufficient pains to cultivate the friendship of the powerful sovereigns of France and Spain, of whom the latter was at that time emperor of Germany. With their assistance it was enabled, though not without great difficulty and much bloodshed, either to suppress altogether, or to obstruct very much the progress of the reformation in their dominions. It was well enough inclined too to be complaisant to the king of England. But from the circumstances of the times, it could not be so without giving offence to a still greater sovereign, Charles V. king of Spain and emperor of Germany. Henry VIII. accordingly, though he did not embrace himself the greater part of the doctrines of the reformation, was yet enabled, by their general prevalence, to suppress all the monasteries, and to abolish the authority of the church of Rome in his dominions. That he should go so far, though he went no further, gave some satisfaction to the patrons of the reformation, who having got possession of the government in the reign of his son and successor, completed without any difficulty the work which Henry VIII. had begun.

In some countries, as in Scotland, where the government was weak, unpopular, and not very firmly established, the reformation was strong enough to overturn, not only the church, but

the state likewise for attempting to support the church.

Among the followers of the reformation, dispersed in all the different countries of Europe; there was no general tribunal, which, like that of the court of Rome, or an œcumenical council, could settle all disputes among them, and with irresistible authority prescribe to all of them the precise limits of orthodoxy. When the followers of the reformation in one country, therefore, happened to differ from their brethren in another, as they had no common judge to appeal to, the dispute could never be decided; and many such disputes arose among them. Those concerning the government of the church, and the right of conferring ecclesiastical benefices, were perhaps the most interesting to the peace and welfare of civil society. They gave birth accordingly to the two principal parties or sects among the followers of the reformation, the Lutheran and Calvinistic sects; the only sects among them, of which the doctrine and discipline have ever yet been established by law in any part of Europe.

The followers of Luther, together with what is called the church of England, preserved more or less of the episcopal government, established subordination among the clergy, gave the sovereign the disposal of all the bishoprics, and other consistorial benefices within his dominions, and thereby rendered him the real head of the church; and without depriving the bishop of the right of collating to the smaller benefices within his diocese, they, even to those benefices, not

only admitted, but favored the right of presentation both in the sovereign and in all other lay-patrons. This system of church government was from the beginning favorable to peace and good order, and to submission to the civil sovereign. It has never, accordingly, been the occasion of any tumult or civil commotion in any country in which it has once been established. The church of England in particular has always valued herself, with great reason, upon the unexceptionable loyalty of her principles. Under such a government the clergy naturally endeavour to recommend themselves to the sovereign, to the court, and to the nobility and gentry of the country, by whose influence they chiefly expect to obtain preferment. They pay court to those patrons, sometimes, no doubt, by the vilest flattery and assentation, but frequently too by cultivating all those arts which best deserve, and which are, therefore, most likely to gain them the esteem of people of rank and fortune; by their knowledge in all the different branches of useful and ornamental learning, by the decent liberality of their manners, by the social good humor of their conversation, and by their avowed contempt of those absurd and hypocritical austerities which fanatics inculcate and pretend to practise, in order to draw upon themselves the veneration, and upon the greater part of men of rank and fortune, who avow that they do not practise them, the abhorrence of the common people. Such a clergy, however, while they pay their court in this manner to the higher ranks of life, are very

## 136 THE NATURE AND CAUSES OF

apt to neglect altogether the means of maintaining their influence and authority with the lower. They are listened to, esteemed and respected by their superiors; but before their inferiors they are frequently incapable of defending, effectually and to the conviction of such hearers, their own sober and moderate doctrines against the most ignorant enthusiast who chuses to attack them.

The followers of Zuinglius, or more properly those of Calvin, on the contrary, bestowed upon the people of each parish, whenever the church became vacant, the right of electing their own pastor; and established at the same time the most perfect equality among the clergy. The former part of this institution, as long as it remained in vigor, seems to have been productive of nothing but disorder and confusion, and to have tended equally to corrupt the morals both of the clergy and of the people. The latter part seems never to have had any effects but what were perfectly agreeable.

As long as the people of each parish preserved the right of electing their own pastors, they acted almost always under the influence of the clergy, and generally of the most factious and fanatical of the order. The clergy, in order to preserve their influence in those popular elections, became, or affected to become, many of them, fanatics themselves, encouraged fanaticism among the people, and gave the preference almost always to the most fanatical candidate. So small a matter as the appointment of a parish priest occasioned almost always a violent contest, not

only in one parish, but in all the neighbouring parishes, who seldom failed to take part in the quarrel. When the parish happened to be situated in a great city, it divided all the inhabitants into two parties; and when that city happened either to constitute itself a little republic, or to be the head and capital of a little republic, as is the case with many of the considerable cities in Switzerland and Holland, every paltry dispute of this kind over and above exasperating the animosity of all their other factions, threatened to leave behind it both a new schism in the church, and a new faction in the state. In those small republics, therefore, the magistrate very soon found it necessary, for the sake of preserving the public peace, to assume to himself the right of presenting to all vacant benefices. In Scotland, the most extensive country in which this presbyterian form of church government has ever been established, the rights of patronage were in effect abolished by the act which established presbytery in the beginning of the reign of William III. That act at least put it in the power of certain classes of people in each parish, to purchase, for a very small price, the right of electing their own pastor. The constitution which this act established was allowed to subsist for about two-and-twenty years, but was abolished by the 10th of queen Anne, ch. 12. on account of the confusions and disorders which this more popular mode of election had almost every where occasioned. In so extensive a country as Scotland, however, a tumult in a remote parish was not



so like to give disturbance to government, as in a smaller state. The 10th of queen Anne restored the rights of patronage. But though in Scotland the law gives the benefice without any exception to the person presented by the patron; yet the church requires sometimes (for she has not in this respect been very uniform in her decisions) a certain concurrence of the people, before she will confer upon the presentee what is called the cure of souls, or the ecclesiastical jurisdiction in the parish. She sometimes at least, from an affected concern for the peace of the parish, delays the settlement till this concurrence can be procured. The private tampering of some of the neighbouring clergy, sometimes to procure, but more frequently to prevent this concurrence, and the popular arts which they cultivate in order to enable them upon such occasions to tamper more effectually, are perhaps the causes which principally keep up whatever remains of the old fanatical spirit, either in the clergy or in the people of Scotland.

The equality which the presbyterian form of church government establishes among the clergy, consists, first, in the equality of authority or ecclesiastical jurisdiction; and, secondly, in the equality of benefice. In all presbyterian churches the equality of authority is perfect: that of benefice is not so. The difference, however, between one benefice and another, is seldom so considerable as commonly to tempt the possessor even of the small one to pay court to his patron, by the vile arts of flattery and assentation, in

order to get a better. In all the presbyterian churches, where the rights of patronage are thoroughly established, it is by nobler and better arts that the established clergy in general endeavour to gain the favor of their superiors; by their learning, by the irreproachable regularity of their life, and by the faithful and diligent discharge of their duty. Their patrons even frequently complain of the independency of their spirit, which they are apt to construe into ingratitude for past favors, but which at worst, perhaps, is seldom any more than that indifference which naturally arises from the consciousness that no further favors of the kind are ever to be expected. There is scarce perhaps to be found any where in Europe a more learned, decent, independent, and respectable set of men, than the greater part of the presbyterian clergy of Holland, Geneva, Switzerland, and Scotland.

Where the church benefices are all nearly equal, none of them can be very great, and this mediocrity of benefice, though it may no doubt be carried too far, has, however, some very agreeable effects. Nothing but the most exemplary morals can give dignity to a man of small fortune. The vices of levity and vanity necessarily render him ridiculous, and are, besides, almost as ruinous to him as they are to the common people. In his own conduct, therefore, he is obliged to follow that system of morals which the common people respect the most. He gains their esteem and affection by that plan of life which his own interest and situation would lead him to follow.

The common people look upon him with that kindness with which we naturally regard one who approaches somewhat to our own condition, but who, we think, ought to be in a higher. Their kindness naturally provokes his kindness. He becomes careful to instruct them, and attentive to assist and relieve them. He does not even despise the prejudices of people who are disposed to be so favorable to him, and never treats them with those contemptuous and arrogant airs which we so often meet with in the proud dignitaries of opulent and well endowed churches. The presbyterian clergy, accordingly, have more influence over the minds of the common people than perhaps the clergy of any other established church. It is accordingly in presbyterian countries only that we ever find the common people converted, without persecution, completely, and almost to a man, to the established church.

In countries where church benefices are the greater part of them very moderate, a chair in a university is generally a better establishment than a church benefice. The universities have, in this case, the picking and chusing of their members from all the churchmen of the country, who, in every country, constitute by far the most numerous class of men of letters. Where church benefices, on the contrary, are many of them very considerable, the church naturally draws from the universities the greater part of their eminent men of letters; who generally find some patron who does himself honor by procuring them church preferment. In the former situation we

are likely to find the universities filled with the most eminent men of letters that are to be found in the country. In the latter we are likely to find few eminent men among them, and those few among the youngest members of the society, who are likely too to be drained away from it, before they can have acquired experience and knowledge enough to be of much use to it. It is observed by Mr. de Voltaire, that father Porrée, a jesuit of no great eminence in the republic of letters, was the only professor they had ever had in France whose works were worth the reading. In a country which has produced so many eminent men of letters, it must appear somewhat singular, that scarce one of them should have been a professor in a university. The famous Gassendi was, in the beginning of his life, a professor in the university of Aix. Upon the first dawning of his genius, it was represented to him, that by going into the church he could easily find a much more quiet and comfortable subsistence, as well as a better situation for pursuing his studies; and he immediately followed the advice. The observation of Mr. de Voltaire may be applied, I believe, not only to France, but to all other Roman catholic countries. We very rarely find, in any of them, an eminent man of letters, who is a professor in a university, except, perhaps, in the professions of law and physic; professions from which the church is not so likely to draw them. After the church of Rome, that of England is by far the richest and best endowed church in Christendom. In England, accordingly,

the church is continually draining the universities of all their best and ablest members; and an old college tutor, who is known and distinguished in Europe as an eminent man of letters, is as rarely to be found there as in any Roman catholic country. In Geneva, on the contrary, in the protestant cantons of Switzerland, in the protestant countries of Germany, in Holland, in Scotland, in Sweden, and Denmark, the most eminent men of letters whom those countries have produced, have, not all indeed, but the far greater part of them, been professors in universities. In those countries the universities are continually draining the church of all its most eminent men of letters.

It may, perhaps, be worth while to remark, that, if we except the poets, a few orators, and a few historians, the far greater part of the other eminent men of letters, both of Greece and Rome, appear to have been either public or private teachers; generally either of philosophy or of rhetoric. This remark will be found to hold true from the days of Lyfias and Isocrates, of Plato and Aristotle, down to those of Plutarch and Epictetus, of Suetonius and Quintilian. To impose upon any man the necessity of teaching, year after year, any particular branch of science, seems, in reality, to be the most effectual method for rendering him completely master of it himself. By being obliged to go every year over the same ground, if he is good for any thing, he necessarily becomes, in a few years, well acquainted with every part of it: and

if upon any particular point he should form too hastily an opinion one year, when he comes in the course of his lectures to re-consider the same subject the year thereafter, he is very likely to correct it. As to be a teacher of science is certainly the natural employment of a mere man of letters; so is it likewise, perhaps, the education which is most likely to render him a man of solid learning and knowledge. The mediocrity of church benefices naturally tends to draw the greater part of men of letters, in the country where it takes place, to the employment in which they can be the most useful to the public, and, at the same time, to give them the best education, perhaps, they are capable of receiving. It tends to render their learning both as solid as possible, and as useful as possible.

The revenue of every established church, such parts of it excepted as may arise from particular lands or manors, is a branch, it ought to be observed, of the general revenue of the state, which is thus diverted to a purpose very different from the defence of the state. The tithe, for example, is a real land-tax, which puts it out of the power of the proprietors of land to contribute so largely towards the defence of the state as they otherwise might be able to do. The rent of land, however, is, according to some, the sole fund, and, according to others, the principal fund, from which, in all great monarchies, the exigencies of the state must be ultimately supplied. The more of this fund that is given to the church, the less, it is evident, can be

spared to the state. It may be laid down as a certain maxim, that, all other things being supposed equal, the richer the church, the poorer must necessarily be, either the sovereign on the one hand, or the people on the other; and, in all cases, the less able must the state be to defend itself. In several protestant countries, particularly in all the protestant cantons of Switzerland, the revenue which anciently belonged to the Roman catholic church, the tithes and church lands, has been found a fund sufficient, not only to afford competent salaries to the established clergy, but to defray, with little or no addition, all the other expenses of the state. The magistrates of the powerful canton of Berne, in particular, have accumulated out of the savings from this fund a very large sum, supposed to amount to several millions, part of which is deposited in a public treasure, and part is placed at interest in what are called the public funds of the different indebted nations of Europe; chiefly in those of France and Great Britain. What may be the amount of the whole expense which the church, either of Berne, or of any other protestant canton, costs the state, I do not pretend to know. By a very exact account it appears, that, in 1755, the whole revenue of the clergy of the church of Scotland, including their glebe or church lands, and the rent of their manes or dwelling-houses, estimated according to a reasonable valuation, amounted only to 68,514. l. 1. s. 5. d.  $\frac{1}{12}$ . This very moderate revenue

revenue affords a decent subsistence to nine hundred and forty-four ministers. The whole expense of the church, including what is occasionally laid out for the building and reparation of churches, and of the manes of ministers, cannot well be supposed to exceed eighty or eighty-five thousand pounds a-year. The most opulent church in Christendom does not maintain better the uniformity of faith, the fervor of devotion, the spirit of order, regularity, and austere morals in the great body of the people, than this very poorly endowed church of Scotland. All the good effects, both civil and religious, which an established church can be supposed to produce, are produced by it as completely as by any other. The greater part of the protestant churches of Switzerland, which in general are not better endowed than the church of Scotland, produce those effects in a still higher degree. In the greater part of the protestant cantons, there is not a single person to be found who does not profess himself to be of the established church. If he professes himself to be of any other, indeed, the law obliges him to leave the canton. But so severe, or rather indeed so oppressive a law, could never have been executed in such free countries, had not the diligence of the clergy before-hand converted to the established church the whole body of the people, with the exception of, perhaps, a few individuals only. In some parts of Switzerland, accordingly, where, from the accidental union of a protestant and Roman catholic country, the conversion has not been so



## 146 THE NATURE AND CAUSES OF

complete, both religions are not only tolerated but established by law.

The proper performance of every service seems to require that its pay or recompence should be, as exactly as possible, proportioned to the nature of the service. If any service is very much under-paid, it is very apt to suffer by the meanness and incapacity of the greater part of those who are employed in it. If it is very much over-paid, it is apt to suffer, perhaps, still more by their negligence and idleness. A man of a large revenue, whatever may be his profession, thinks he ought to live like other men of large revenues; and to spend a great part of his time in festivity, in vanity, and in dissipation. But in a clergyman this train of life not only consumes the time which ought to be employed in the duties of his function, but in the eyes of the common people destroys almost entirely that sanctity of character which can alone enable him to perform those duties with proper weight and authority.

### PART IV.

#### *Of the Expense of supporting the Dignity of the Sovereign.*

**O**VER and above the expenses necessary for enabling the sovereign to perform his several duties, a certain expence is requisite for the support of his dignity. This expence varies both with the different periods of improvement, and with the different forms of government.

In an opulent and improved society, where all the different orders of people are growing every day more expensive in their houses, in their furniture, in their tables, in their dress, and in their equipage; it cannot well be expected that the sovereign should alone hold out against the fashion. He naturally, therefore, or rather necessarily becomes more expensive in all those different articles too. His dignity even seems to require that he should become so.

As in point of dignity, a monarch is more raised above his subjects than the chief magistrate of any republic is ever supposed to be above his fellow-citizens; so a greater expense is necessary for supporting that higher dignity. We naturally expect more splendor in the court of a king, than in the mansion-house of a doge or burgomaster.

#### C O N C L U S I O N.

THE expense of defending the society, and that of supporting the dignity of the chief magistrate, are both laid out for the general benefit of the whole society. It is reasonable, therefore, that they should be defrayed by the general contribution of the whole society, all the different members contributing, as nearly as possible, in proportion to their respective abilities.

The expense of the administration of justice too, may, no doubt, be considered as laid out for the benefit of the whole society. There is no

impropriety, therefore, in its being defrayed by the general contribution of the whole society. The persons, however, who give occasion to this expense are those who, by their injustice in one way or another, make it necessary to seek redress or protection from the courts of justice. The persons again most immediately benefited by this expense, are those whom the courts of justice either restore to their rights, or maintain in their rights. The expense of the administration of justice, therefore, may very properly be defrayed by the particular contribution of one or other, or both of those two different sets of persons, according as different occasions may require, that is, by the fees of courts. It cannot be necessary to have recourse to the general contribution of the whole society, except for the conviction of those criminals who have not themselves any estate or fund sufficient for paying those fees.

Those local or provincial expenses of which the benefit is local or provincial (what is laid out, for example, upon the police of a particular town or district) ought to be defrayed by a local or provincial revenue, and ought to be no burden upon the general revenue of the society. It is unjust that the whole society should contribute towards an expense of which the benefit is confined to a part of the society.

The expense of maintaining good roads and communications is, no doubt, beneficial to the whole society, and may, therefore, without any injustice, be defrayed by the general contribution

of the whole society. This expense, however, is most immediately and directly beneficial to those who travel or carry goods from one place to another, and to those who consume such goods. The turnpike tolls in England, and the duties called péages in other countries, lay it altogether upon those two different sets of people, and thereby discharge the general revenue of the society from a very considerable burden.

The expense of the institutions for education and religious instruction, is likewise, no doubt, beneficial to the whole society, and may, therefore, without injustice, be defrayed by the general contribution of the whole society. This expense, however, might perhaps with equal propriety, and even with some advantage, be defrayed altogether by those who receive the immediate benefit of such education and instruction, or by the voluntary contribution of those who think they have occasion for either the one or the other.

When the institutions or public works which are beneficial to the whole society, either cannot be maintained altogether, or are not maintained altogether by the contribution of such particular members of the society as are most immediately benefited by them, the deficiency must in most cases be made up by the general contribution of the whole society. The general revenue of the society, over and above defraying the expense of defending the society, and of supporting the dignity of the chief magistrate, must make up for

## 150 THE NATURE AND CAUSES OF

the deficiency of many particular branches of revenue. The sources of this general or public revenue, I shall endeavour to explain in the following chapter.

### C H A P. II.

*Of the sources of the general or public Revenue of the Society.*

**T**HE revenue which must defray, not only the expense of defending the society and of supporting the dignity of the chief magistrate, but all the other necessary expenses of government, for which the constitution of the state has not provided any particular revenue, may be drawn, either, first, from some fund which peculiarly belongs to the sovereign or commonwealth, and which is independent of the revenue of the people; or, secondly, from the revenue of the people.

#### P A R T. I.

*Of the Funds or Sources of Revenue which may peculiarly belong to the Sovereign or Commonwealth.*

**T**HE funds or sources of revenue which may peculiarly belong to the sovereign or commonwealth must consist, either in stock, or in land.

The sovereign, like any other owner of stock, may derive a revenue from it, either by employing it himself, or by lending it. His revenue is in the one case profit, in the other interest.

The revenue of a Tartar or Arabian chief consists in profit. It arises principally from the milk and increase of his own herds and flocks, of which he himself superintends the management, and is the principal shepherd or herdsman of his own horde or tribe. It is, however, in this earliest and rudest state of civil government only that profit has ever made the principal part of the public revenue of a monarchical state.

Small republics have sometimes derived a considerable revenue from the profit of mercantile projects. The republic of Hamburgh is said to do so from the profits of a public wine cellar and apothecary's shop\*. The state cannot be very great of which the sovereign has leisure to carry on the trade of a wine merchant or apothecary. The profit of a public bank has been a source of revenue to more considerable states. It has been so not only to Hamburgh, but to

\* See *Mémoires concernant les Droits & Impositions en Europe*: tome i. page 73. This work was compiled by the order of the court for the use of a commission employed for some years past in considering the proper means for reforming the finances of France. The account of the French taxes, which takes up three volumes in quarto, may be regarded as perfectly authentic. That of those of other European nations was compiled from such informations as the French ministers at the different courts could procure. It is much shorter, and probably not quite so exact as that of the French taxes.

## 152 THE NATURE AND CAUSES OF

Venice and Amsterdam. A revenue of this kind has even by some people been thought not below the attention of so great an empire as that of Great Britain. Reckoning the ordinary dividend of the bank of England at five and a half per cent. and its capital at ten millions seven hundred and eighty thousand pounds, the neat annual profit, after paying the expense of management, must amount, it is said, to five hundred and ninety-two thousand nine hundred pounds. Government, it is pretended, could borrow this capital at three per cent. interest, and by taking the management of the bank into its own hands, might make a clear profit of two hundred and sixty-nine thousand five hundred pounds a year. The orderly, vigilant, and parsimonious administration of such aristocracies as those of Venice and Amsterdam, is extremely proper, it appears from experience, for the management of a mercantile project of this kind. But whether such a government as that of England; which, whatever may be its virtues, has never been famous for good œconomy; which, in time of peace, has generally conducted itself with the slothful and negligent profusion that is perhaps natural to monarchies; and in time of war has constantly acted with all the thoughtless extravagance that democracies are apt to fall into; could be safely trusted with the management of such a project, must at least be a good deal more doubtful.

The post office is properly a mercantile project. The government advances the expense of

establishing the different offices, and of buying or hiring the necessary horses or carriages, and is repaid with a large profit by the duties upon what is carried. It is perhaps the only mercantile project which has been successfully managed by, I believe, every sort of government. The capital to be advanced is not very considerable. There is no mystery in the business. The returns are not only certain, but immediate.

Princes, however, have frequently engaged in many other mercantile projects, and have been willing, like private persons, to mend their fortunes by becoming adventurers in the common branches of trade. They have scarce ever succeeded. The profusion with which the affairs of princes are always managed, renders it almost impossible that they should. The agents of a prince regard the wealth of their master as inexhaustible; are careless at what price they buy; are careless at what price they sell; are careless at what expense they transport his goods from one place to another. Those agents frequently live with the profusion of princes, and sometimes too, in spite of that profusion, and by a proper method of making up their accounts, acquire the fortunes of princes. It was thus, as we are told by Machiavel, that the agents of Lorenzo of Medicis, not a prince of mean abilities, carried on his trade. The republic of Florence was several times obliged to pay the debt into which their extravagance had involved him. He found it convenient, accordingly, to give up the business of merchant, the business



to which his family had originally owed their fortune, and in the latter part of his life to employ both what remained of that fortune, and the revenue of the state of which he had the disposal, in projects and expenses more suitable to his station.

No two characters seem more inconsistent than those of trader and sovereign. If the trading spirit of the English East India company renders them very bad sovereigns; the spirit of sovereignty seems to have rendered them equally bad traders. While they were traders only, they managed their trade successfully, and were able to pay from their profits a moderate dividend to the proprietors of their stock. Since they became sovereigns, with a revenue which, it is said, was originally more than three millions sterling, they have been obliged to beg the extraordinary assistance of government in order to avoid immediate bankruptcy. In their former situation, their servants in India considered themselves as the clerks of merchants: In their present situation, those servants consider themselves as the ministers of sovereigns.

A state may sometimes derive some part of its public revenue from the interest of money, as well as from the profits of stock. If it has amassed a treasure, it may lend a part of that treasure, either to foreign states, or to its own subjects.

The canton of Berne derives a considerable revenue by lending a part of its treasure to foreign states; that is, by placing it in the public funds of the different indebted nations of Europe,

chiefly in those of France and England. The security of this revenue must depend, first, upon the security of the funds in which it is placed, or upon the good faith of government which has the management of them; and, secondly, upon the certainty or probability of the continuance of peace with the debtor nation. In the case of a war, the very first act of hostility, on the part of the debtor nation, might be the forfeiture of the funds of its creditor. This policy of lending money to foreign states is, so far as I know, peculiar to the canton of Berne.

The city of Hamburg \* has established a sort of public pawn-shop, which lends money to the subjects of the state upon pledges at six per cent. interest. This pawn-shop or Lombard, as it is called, affords a revenue, it is pretended, to the state of a hundred and fifty thousand crowns, which, at four-and-sixpence the crown, amounts to 33,750*l.* sterling.

The government of Pennsylvania, without amassing any treasure, invented a method of lending, not money indeed, but what is equivalent to money, to its subjects. By advancing to private people, at interest, and upon land security to double the value, paper bills of credit to be redeemed fifteen years after their date, and in the mean time made transferable from hand to hand like bank notes, and declared by act of assembly to be a legal tender in all payments from one inhabitant of the province to another, it

\* See *Mémoires concernant les Droits & Impositions en Europe*: tome 1. p. 73.

raised a moderate revenue, which went a considerable way towards defraying an annual expense of about 4,500 *l.* the whole ordinary expense of that frugal and orderly government. The success of an expedient of this kind must have depended upon three different circumstances; first, upon the demand for some other instrument of commerce, besides gold and silver money; or upon the demand for such a quantity of consumable stock, as could not be had without sending abroad the greater part of their gold and silver money, in order to purchase it; secondly, upon the good credit of the government which made use of this expedient; and, thirdly, upon the moderation with which it was used, the whole value of the paper bills of credit never exceeding that of the gold and silver money which would have been necessary for carrying on their circulation, had there been no paper bills of credit. The same expedient was upon different occasions adopted by several other American colonies: but, from want of this moderation, it produced, in the greater part of them, much more disorder than conveniency.

The unstable and perishable nature of stock and credit, however, render them unfit to be trusted to, as the principal funds of that sure, steady and permanent revenue, which can alone give security and dignity to government. The government of no great nation, that was advanced beyond the shepherd state, seems ever to have derived the greater part of its public revenue from such sources.

Land is a fund of a more stable and permanent nature; and the rent of public lands, accordingly, has been the principal source of the public revenue of many a great nation that was much advanced beyond the shepherd state. From the produce or rent of the public lands, the ancient republics of Greece and Italy derived, for a long time, the greater part of that revenue which defrayed the necessary expenses of the commonwealth. The rent of the crown lands constituted for a long time the greater part of the revenue of the ancient sovereigns of Europe.

War and the preparation for war, are the two circumstances which in modern times occasion the greater part of the necessary expense of all great states. But in the ancient republics of Greece and Italy every citizen was a soldier, who both served and prepared himself for service at his own expense. Neither of those two circumstances, therefore, could occasion any very considerable expense to the state. The rent of a very moderate landed estate might be fully sufficient for defraying all the other necessary expenses of government.

In the ancient monarchies of Europe, the manners and customs of the times sufficiently prepared the great body of the people for war; and when they took the field, they were, by the condition of their feudal tenures, to be maintained, either at their own expense, or at that of their immediate lords, without bringing any new charge upon the sovereign. The other

expenses of government were, the greater part of them, very moderate. The administration of justice, it has been shown, instead of being a cause of expense, was a source of revenue. The labor of the country people, for three days before and for three days after harvest, was thought a fund sufficient for making and maintaining all the bridges, highways, and other public works which the commerce of the country was supposed to require. In those days the principal expense of the sovereign seems to have consisted in the maintenance of his own family and household. The officers of his household, accordingly, were then the great officers of state. The lord treasurer received his rents. The lord steward and lord chamberlain looked after the expense of his family. The care of his stables was committed to the lord constable and the lord marshal. His houses were all built in the form of castles, and seem to have been the principal fortresses which he possessed. The keepers of those houses or castles might be considered as a sort of military governors. They seem to have been the only military officers whom it was necessary to maintain in time of peace. In these circumstances the rent of a great landed estate might, upon ordinary occasions, very well defray all the necessary expenses of government.

In the present state of the greater part of the civilized monarchies of Europe, the rent of all the lands in the country, managed as they probably would be if they all belonged to one proprietor, would scarce perhaps amount to the

ordinary revenue which they levy upon the people even in peaceable times. The ordinary revenue of Great Britain, for example, including not only what is necessary for defraying the current expense of the year, but for paying the interest of the public debts, and for sinking a part of the capital of those debts, amounts to upwards of ten millions a year. But the land-tax, at four shillings in the pound, falls short of two millions a year. This land-tax, as it is called, however, is supposed to be one-fifth, not only of the rent of all the land, but of that of all the houses, and of the interest of all the capital stock of Great Britain, that part of it only excepted which is either lent to the public, or employed as farming stock in the cultivation of land. A very considerable part of the produce of this tax arises from the rent of houses, and the interest of capital stock. The land-tax of the city of London, for example, at four shillings in the pound, amounts to 123,399 *l.* 6*s.* 7*d.* That of the city of Westminster, to 63,092 *l.* 1*s.* 5*d.* That of the palaces of Whitehall and St. James's, to 30,754 *l.* 6*s.* 3*d.* A certain proportion of the land-tax is in the same manner assessed upon all the other cities and towns corporate in the kingdom, and arises almost altogether, either from the rent of houses, or from what is supposed to be the interest of trading and capital stock. According to the estimation, therefore, by which Great Britain is rated to the land-tax, the whole mass of revenue arising from the rent of all the lands, from that of all the houses, and from the

interest of all the capital stock, that part of it only excepted which is either lent to the public, or employed in the cultivation of land, does not exceed ten millions sterling a year, the ordinary revenue which government levies upon the people even in peaceable times. The estimation by which Great Britain is rated to the land-tax is, no doubt, taking the whole kingdom at an average, very much below the real value; though in several particular counties and districts it is said to be nearly equal to that value. The rent of the lands alone, exclusive of that of houses, and of the interest of stock, has by many people been estimated at twenty millions, an estimation made in a great measure at random, and which, I apprehend, is as likely to be above as below the truth. But if the lands of Great Britain, in the present state of their cultivation, do not afford a rent of more than twenty millions a year, they could not well afford the half, most probably not the fourth part of that rent, if they all belonged to a single proprietor, and were put under the negligent, expensive, and oppressive management of his factors and agents. The crown lands of Great Britain do not at present afford the fourth part of the rent, which could probably be drawn from them if they were the property of private persons. If the crown lands were more extensive, it is probable, they would be still worse managed. The revenue which the great body of the people derives from land is in proportion, not  
to

to the rent, but to the produce of the land. The whole annual produce of the land of every country, if we except what is reserved for seed, is either annually consumed by the great body of the people, or exchanged for something else that is consumed by them. Whatever keeps down the produce of the land below what it would otherwise rise to, keeps down the revenue of the great body of the people, still more than it does that of the proprietors of land. The rent of land, that portion of the produce which belongs to the proprietors, is scarce any where in Great Britain supposed to be more than a third part of the whole produce. If the land, which in one state of cultivation affords a rent of ten millions sterling a year, would in another afford a rent of twenty millions; the rent being, in both cases, supposed a third part of the produce; the revenue of the proprietors would be less than it otherwise might be by ten millions a year only; but the revenue of the great body of the people would be less than it otherwise might be by thirty millions a year, deducting only what would be necessary for seed. The population of the country would be less by the number of people which thirty millions a year, deducting always the seed, could maintain, according to the particular mode of living and expense which might take place in the different ranks of men among whom the remainder was distributed.

Though there is not at present, in Europe, any civilized state of any kind which derives the



greater part of its public revenue from the rent of lands which are the property of the state; yet, in all the great monarchies of Europe, there are still many large tracts of land which belong to the crown. They are generally forest; and sometimes forest where, after travelling several miles, you will scarce find a single tree; a mere waste and loss of country in respect both of produce and population. In every great monarchy of Europe the sale of the crown lands would produce a very large sum of money, which, if applied to the payment of the public debts, would deliver from mortgage a much greater revenue than any which those lands have ever afforded to the crown. In countries where lands, improved and cultivated very highly, and yielding at the time of sale as great a rent as can easily be got from them, commonly sell at thirty years purchase; the unimproved, uncultivated, and low-rented crown lands might well be expected to sell at forty, fifty, or sixty years purchase. The crown might immediately enjoy the revenue which this great price would redeem from mortgage. In the course of a few years it would probably enjoy another revenue. When the crown lands had become private property, they would, in the course of a few years, become well-improved and well-cultivated. The increase of their produce would increase the population of the country, by augmenting the revenue and consumption of the people. But the revenue which the crown derives from the duties of customs and excise, would

necessarily increase with the revenue and consumption of the people.

The revenue which, in any civilized monarchy, the crown derives from the crown lands, though it appears to cost nothing to individuals, in reality costs more to the society than perhaps any other equal revenue which the crown enjoys. It would, in all cases, be for the interest of the society to replace this revenue to the crown by some other equal revenue, and to divide the lands among the people, which could not well be done better, perhaps, than by exposing them to public sale.

Lands, for the purposes of pleasure and magnificence, parks, gardens, public walks, &c. possessions which are every where considered as causes of expense, not as sources of revenue, seem to be the only lands which, in a great and civilized monarchy, ought to belong to the crown.

Public stock and public lands, therefore, the two sources of revenue which may peculiarly belong to the sovereign or commonwealth, being both improper and insufficient funds for defraying the necessary expense of any great and civilized state; it remains that this expense must, the greater part of it, be defrayed by taxes of one kind or another, the people contributing a part of their own private revenue in order to make up a public revenue to the sovereign or commonwealth.

## P A R T II.

*Of taxes.*

**T**HE private revenue of individuals, it has been shown in the first book of this Inquiry, arises ultimately from three different sources; Rent, Profit, and Wages. Every tax must finally be paid from some one or other of those three different sorts of revenue, or from all of them indifferently. I shall endeavour to give the best account I can, first, of those taxes which, it is intended, should fall upon rent; secondly, of those which, it is intended, should fall upon profit; thirdly, of those which it is intended, should fall upon wages; and, fourthly, of those which, it is intended, should fall indifferently upon all those three different sources of private revenue. The particular consideration of each of these four different sorts of taxes will divide the second part of the present chapter into four articles, three of which will require several other subdivisions. Many of those taxes, it will appear from the following review, are not finally paid from the fund, or source of revenue, upon which it was intended they should fall.

Before I enter upon the examination of particular taxes, it is necessary to premise the four following maxims with regard to taxes in general.

I. The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which

they respectively enjoy under the protection of the state. The expense of government to the individuals of a great nation, is like the expense of management to the joint tenants of a great estate, who are all obliged to contribute in proportion to their respective interests in the estate. In the observation or neglect of this maxim consists, what is called the equality or inequality of taxation. Every tax, it must be observed once for all, which falls finally upon one only of the three sorts of revenue above mentioned, is necessarily unequal, in so far as it does not affect the other two. In the following examination of different taxes I shall seldom take much further notice of this sort of inequality, but shall, in most cases, confine my observations to that inequality which is occasioned by a particular tax falling unequally even upon that particular sort of private revenue which is affected by it.

II. The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. Where it is otherwise, every person subject to the tax is put more or less in the power of the tax-gatherer, who can either aggravate the tax upon any obnoxious contributor, or extort, by the terror of such aggravation, some present or perquisite to himself. The uncertainty of taxation encourages the insolence and favors the corruption of an order of men who are naturally

unpopular, even where they are neither insolent nor corrupt. The certainty of what each individual ought to pay is, in taxation, a matter of so great importance, that a very considerable degree of inequality, it appears, I believe; from the experience of all nations, is not near so great an evil as a very small degree of uncertainty.

III. Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it. A tax upon the rent of land or of houses, payable at the same term at which such rents are usually paid, is levied at the time when it is most likely to be convenient for the contributor to pay; or, when he is most likely to have wherewithal to pay. Taxes upon such consumable goods as are articles of luxury, are all finally paid by the consumer, and generally in a manner that is very convenient for him. He pays them little by little, as he has occasion to buy the goods. As he is at liberty too either to buy, or not to buy, as he pleases, it must be his own fault if he ever suffers any considerable inconveniency from such taxes.

IV. Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the state. A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury, in the four following ways. First, the levying of it may require a great number of officers, whose salaries may eat up the greater part of the

produce of the tax, and whose perquisites may impose another additional tax upon the people. Secondly, it may obstruct the industry of the people, and discourage them from applying to certain branches of business which might give maintenance and employment to great multitudes. While it obliges the people to pay, it may thus diminish, or perhaps destroy, some of the funds which might enable them more easily to do so. Thirdly, by the forfeitures and other penalties which those unfortunate individuals incur who attempt unsuccessfully to evade the tax, it may frequently ruin them, and thereby put an end to the benefit which the community might have received from the employment of their capitals. An injudicious tax offers a great temptation to smuggling. But the penalties of smuggling must rise in proportion to the temptation. The law, contrary to all the ordinary principles of justice; first creates the temptation, and then punishes those who yield to it; and it commonly enhances the punishment too in proportion to the very circumstance which ought certainly to allievate it, the temptation to commit the crime \*. Fourthly, by subjecting the people to the frequent visits and the odious examination of the tax-gatherers, it may expose them to much unnecessary trouble, vexation, and oppression; and though vexation is not, strictly speaking, expense, it is certainly equivalent to the expense at which every man would be willing to redeem himself from it. It is in some one or other of these four

\* See Sketches of the History of Man, Vol. II. page 273. & seq.

different ways that taxes are frequently so much more burdensome to the people than they are beneficial to the sovereign.

The evident justice and utility of the foregoing maxims have recommended them more or less to the attention of all nations. All nations have endeavoured, to the best of their judgment, to render their taxes as equal as they could contrive; as certain, as convenient to the contributor, both in the time and in the mode of payment; and, in proportion to the revenue which they brought to the prince, as little burdensome to the people. The following short review of some of the principal taxes which have taken place in different ages and countries will show, that the endeavours of all nations have not, in this respect, been equally successful.

#### ARTICLE I.

*Taxes upon rent. Taxes upon the rent of Land.*

A TAX upon the rent of land may either be imposed according to a certain canon, every district being valued at a certain rent, which valuation is not afterwards to be altered; or it may be imposed in such a manner as to vary with every variation in the real rent of the land, and to rise or fall with the improvement or declension of its cultivation.

A land tax which, like that of Great Britain, is assessed upon each district according to a certain invariable canon, though it should be equal at the time of its first establishment, necessarily

becomes unequal in process of time, according to the unequal degrees of improvement or neglect in the cultivation of the different parts of the country. In England, the valuation according to which the different counties and parishes were assessed to the land-tax by the 4th of William and Mary, was very unequal even at its first establishment. This tax therefore, so far offends against the first of the four maxims above-mentioned. It is perfectly agreeable to the other three. It is perfectly certain. The time of payment for the tax, being the same as that for the rent, is as convenient as it can be to the contributor. Though the landlord is in all cases the real contributor, the tax is commonly advanced by the tenant, to whom the landlord is obliged to allow it in the payment of the rent. This tax is levied by a much smaller number of officers than any other which affords nearly the same revenue. As the tax upon each district does not rise with the rise of the rent, the sovereign does not share in the profits of the landlord's improvements. Those improvements sometimes contribute, indeed, to the discharge of the other landlords of the district. But the aggravation of the tax, which this may sometimes occasion upon a particular estate, is always so very small, that it never can discourage those improvements, nor keep down the produce of the land below what it would otherwise rise to. As it has no tendency to diminish the quantity, it can have none to raise the price of that produce. It does not obstruct the industry of the people. It subjects the landlord to no other inconvenience besides the unavoidable one of paying the tax.



The advantage, however, which the landlord has derived from the invariable constancy of the valuation by which all the lands of Great Britain are rated to the land-tax, has been principally owing to some circumstances altogether extraneous to the nature of the tax.

It has been owing in part to the great prosperity of almost every part of the country, the rents of almost all the estates of Great Britain having, since the time when this valuation was first established, been continually rising, and scarce any of them having fallen. The landlords, therefore, have almost all gained the difference between the tax which they would have paid, according to the present rent of their estates, and that which they actually pay according to the ancient valuation. Had the state of the country been different, had rents been gradually falling in consequence of the declension of cultivation, the landlords would almost all have lost this difference. In the state of things which has happened to take place since the revolution, the constancy of the valuation has been advantageous to the landlord and hurtful to the sovereign. In a different state of things it might have been advantageous to the sovereign and hurtful to the landlord.

As the tax is made payable in money, so the valuation of the land is expressed in money. Since the establishment of this valuation the value of silver has been pretty uniform, and there has been no alteration in the standard of the coin either as to weight or fineness. Had silver risen considerably in its value, as it seems to have done

in the course of the two centuries which preceded the discovery of the mines of America, the constancy of the valuation might have proved very oppressive to the landlord. Had silver fallen considerably in its value, as it certainly did for about a century at least after the discovery of those mines, the same constancy of valuation would have reduced very much this branch of the revenue of the sovereign. Had any considerable alteration been made in the standard of the money, either by sinking the same quantity of silver to a lower denomination, or by raising it to a higher; had an ounce of silver, for example, instead of being coined into five shillings and two-pence, been coined, either into pieces which bore so low a denomination as two shillings and seven-pence, or into pieces which bore so high a one as ten shillings and four-pence, it would in the one case have hurt the revenue of the proprietor, in the other that of the sovereign.

In circumstances, therefore, somewhat different from those which have actually taken place, this constancy of valuation might have been a very great inconveniency, either to the contributors, or to the commonwealth. In the course of ages such circumstances, however, must, at some time or other, happen. But though empires, like all the other works of men, have all hitherto proved mortal, yet every empire aims at immortality. Every constitution, therefore, which it is meant should be as permanent as the empire itself, ought to be convenient, not in certain circumstances only, but in all circumstances;

or ought to be suited, not to those circumstances which are transitory, occasional, or accidental, but to those which are necessary and therefore always the same.

A tax upon the rent of land which varies with every variation of the rent, or which rises and falls according to the improvement or neglect of cultivation, is recommended by that sect of men of letters in France, who call themselves the economists, as the most equitable of all taxes. All taxes, they pretend, fall ultimately upon the rent of land, and ought, therefore, to be imposed equally upon the fund which must finally pay them. That all taxes ought to fall as equally as possible upon the fund which must finally pay them, is certainly true. But without entering into the disagreeable discussion of the metaphysical arguments by which they support their very ingenious theory, it will sufficiently appear, from the following review, what are the taxes which fall finally upon the rent of the land, and what are those which fall finally upon some other fund.

In the Venetian territory all the arable lands which are given in lease to farmers are taxed at a tenth of the rent \*. The leases are recorded in a public register which is kept by the officers of revenue in each province or district. When the proprietor cultivates his own lands, they are valued according to an equitable estimation, and he is allowed a deduction of one-fifth of the tax, so that for such lands he pays only eight instead of ten per cent. of the supposed rent.

\* *Mémoires concernant les Droits*, p. 240, 241.

A land-tax of this kind is certainly more equal than the land-tax of England. It might not, perhaps, be altogether so certain, and the assessment of the tax might frequently occasion a good deal more trouble to the landlord. It might too be a good deal more expensive in the levying.

Such a system of administration, however, might perhaps be contrived as would, in a great measure, both prevent this uncertainty and moderate this expense.

The landlord and tenant, for example, might jointly be obliged to record their lease in a public register. Proper penalties might be enacted against concealing or misrepresenting any of the conditions; and if part of those penalties were to be paid to either of the two parties who informed against and convicted the other of such concealment or misrepresentation, it would effectually deter them from combining together in order to defraud the public revenue. All the conditions of the lease might be sufficiently known from such a record.

Some landlords, instead of raising the rent, take a fine for the renewal of the lease. This practice is in most cases the expedient of a spendthrift, who for a sum of ready money sells a future revenue of much greater value. It is in most cases, therefore, hurtful to the landlord. It is frequently hurtful to the tenant, and it is always hurtful to the community. It frequently takes from the tenant so great a part of his capital, and thereby diminishes so much his ability to cultivate the land, that he finds it

more difficult to pay a small rent than it would otherwise have been to pay a great one. Whatever diminishes his ability to cultivate, necessarily keeps down, below what it would otherwise have been, the most important part of the revenue of the community. By rendering the tax upon such fines a good deal heavier than upon the ordinary rent, this hurtful practice might be discouraged, to the no small advantage of all the different parties concerned, of the landlord, of the tenant, of the sovereign, and of the whole community.

Some leases prescribe to the tenant a certain mode of cultivation, and a certain succession of crops during the whole continuance of the lease. This condition, which is generally the effect of the landlord's conceit of his own superior knowledge (a conceit in most cases very ill founded), ought always to be considered as an additional rent; as a rent in service instead of a rent in money. In order to discourage the practice, which is generally a foolish one, this species of rent might be valued rather high, and consequently taxed somewhat higher than common money rents.

Some landlords, instead of a rent in money, require a rent in kind, in corn, cattle, poultry, wine, oil, &c. others again require a rent in service. Such rents are always more hurtful to the tenant than beneficial to the landlord. They either take more or keep more out of the pocket of the former, than they put into that of the latter. In every country where they take place,

the tenants are poor and beggarly, pretty much according to the degree in which they take place. By valuing, in the same manner, such rents rather high, and consequently taxing them somewhat higher than common money rents, a practice which is hurtful to the whole community might perhaps be sufficiently discouraged.

When the landlord chose to occupy himself a part of his own lands, the rent might be valued according to an equitable arbitration of the farmers and landlords in the neighbourhood, and a moderate abatement of the tax might be granted to him, in the same manner as in the Venetian territory; provided the rent of the lands which he occupied did not exceed a certain sum. It is of importance that the landlord should be encouraged to cultivate a part of his own land. His capital is generally greater than that of the tenant, and with less skill he can frequently raise a greater produce. The landlord can afford to try experiments, and is generally disposed to do so. His unsuccessful experiments occasion only a moderate loss to himself. His successful ones contribute to the improvement and better cultivation of the whole country. It might be of importance, however, that the abatement of the tax should encourage him to cultivate to a certain extent only. If the landlords should, the greater part of them, be tempted to farm the whole of their own lands, the country (instead of sober and industrious tenants, who are bound by their own interest to cultivate as well as their capital and skill will

allow them) would be filled with idle and profligate bailiffs, whose abusive management would soon degrade the cultivation, and reduce the annual produce of the land, to the diminution, not only of the revenue of their masters, but of the most important part of that of the whole society.

Such a system of administration might, perhaps, free a tax of this kind from any degree of uncertainty which could occasion either oppression or inconveniency to the contributor; and might at the same time serve to introduce into the common management of land such a plan or policy, as might contribute a good deal to the general improvement and good cultivation of the country.

The expense of levying a land-tax, which varied with every variation of the rent, would no doubt be somewhat greater than that of levying one which was always rated according to a fixed valuation. Some additional expense would necessarily be incurred both by the different register offices which it would be proper to establish in the different districts of the country, and by the different valuations which might occasionally be made of the lands which the proprietor chose to occupy himself. The expense of all this, however, might be very moderate, and much below what is incurred in the levying of many other taxes, which afford a very inconsiderable revenue in comparison of what might easily be drawn from a tax of this kind.

The

The discouragement which a variable land-tax of this kind might give to the improvement of land, seems to be the most important objection which can be made to it. The landlord would certainly be less disposed to improve, when the sovereign, who contributed nothing to the expense, was to share in the profit of the improvement. Even this objection might perhaps be obviated by allowing the landlord, before he began his improvement, to ascertain, in conjunction with the officers of revenue, the actual value of his lands, according to the equitable arbitration of a certain number of landlords and farmers in the neighbourhood, equally chosen by both parties; and by rating him according to this valuation for such a number of years, as might be fully sufficient for his complete indemnification. To draw the attention of the sovereign towards the improvement of the land, from a regard to the increase of his own revenue, is one of the principal advantages proposed by this species of land-tax. The term, therefore, allowed for the indemnification of the landlord, ought not to be a great deal longer than what was necessary for that purpose; lest the remoteness of the interest should discourage too much this attention. It had better, however, be somewhat too long than in any respect too short. No incitement to the attention of the sovereign can ever counterbalance the smallest discouragement to that of the landlord. The attention of the sovereign can be at best but a very general and vague consideration of what is likely to contribute



to the better cultivation of the greater part of his dominions. The attention of the landlord is a particular and minute consideration of what is likely to be the most advantageous application of every inch of ground upon his estate. The principal attention of the sovereign ought to be to encourage, by every means in his power, the attention both of the landlord and of the farmer; by allowing both to pursue their own interest in their own way, and according to their own judgment; by giving to both the most perfect security that they shall enjoy the full recompence of their own industry; and by procuring to both the most extensive market for every part of their produce, in consequence of establishing the easiest and safest communications both by land and by water, through every part of his own dominions, as well as the most unbounded freedom of exportation to the dominions of all other princes.

If by such a system of administration a tax of this kind could be so managed as to give, not only no discouragement, but, on the contrary, some encouragement to the improvement of land, it does not appear likely to occasion any other inconveniency to the landlord, except always the unavoidable one of being obliged to pay the tax.

In all the variations of the state of the society, in the improvement and in the declension of agriculture; in all the variations in the value of silver, and in all those in the standard of the coin, a tax of this kind would, of its own accord and without any attention of government, readily

suit itself to the actual situation of things, and would be equally just and equitable in all those different changes. It would, therefore, be much more proper to be established as a perpetual and unalterable regulation, or as what is called a fundamental law of the commonwealth, than any tax which was always to be levied according to a certain valuation.

Some states, instead of the simple and obvious expedient of a register of leases, have had recourse to the laborious and expensive one of an actual survey and valuation of all the land in the country. They have suspected, probably, that the lessor and lessee, in order to defraud the public revenue, might combine to conceal the real terms of the lease. Doomſday-book seems to have been the result of a very accurate survey of this kind.

In the ancient dominions of the king of Prussia, the land-tax is assessed according to an actual survey and valuation, which is reviewed and altered from time to time\*. According to that valuation, the lay proprietors pay from twenty to twenty-five per cent. of their revenue. Ecclesiasties from forty to forty-five per cent. The survey and valuation of Silesia was made by order of the present king; it is said with great accuracy. According to that valuation, the lands belonging to the bishop of Breslaw are taxed at twenty-five per cent. of their rent. The

\* *Mémoires concernant les Droits, &c.* tome i. p. 114, 115, 116, &c.

## 180 THE NATURE AND CAUSES OF

other revenues of the ecclesiastics of both religions, at fifty per cent. The commanderies of the Teutonic order, and of that of Malta, at forty per cent. Lands held by a noble tenure, at thirty-eight and one-third per cent. Lands held by a base tenure, at thirty-five and one-third per cent.

The survey and valuation of Bohemia is said to have been the work of more than a hundred years. It was not perfected till after the peace of 1748, by the orders of the present empress queen\*. The survey of the dutchy of Milan, which was begun in the time of Charles VI., was not perfected till after 1760. It is esteemed one of the most accurate that has ever been made. The survey of Savoy and Piedmont was executed under the orders of the late king of Sardinia†.

In the dominions of the king of Prussia the revenue of the church is taxed much higher than that of lay proprietors. The revenue of the church is, the greater part of it, a burden upon the rent of land. It seldom happens that any part of it is applied towards the improvement of land; or is so employed as to contribute in any respect towards increasing the revenue of the great body of the people. His Prussian majesty had probably, upon that account, thought it reasonable, that it should contribute a good deal more towards relieving the exigencies

\* *Mémoires concernant les Droits*, &c. tome i, p. 83, 84.

† *Id.* p. 280, &c. also p. 287, &c. to 316.

of the state. In some countries the lands of the church are exempted from all taxes. In others they are taxed more lightly than other lands. In the dutchy of Milan, the lands which the church possessed before 1575, are rated to the tax at a third only of their value.

In Silesia, lands held by a noble tenure are taxed three per cent. higher than those held by a base tenure. The honors and privileges of different kinds annexed to the former, his Prussian majesty had probably imagined, would sufficiently compensate to the proprietor a small aggravation of the tax; while at the same time the humiliating inferiority of the latter would be in some measure alleviated by being taxed somewhat more lightly. In other countries, the system of taxation, instead of alleviating, aggravates this inequality. In the dominions of the king of Sardinia, and in those provinces of France which are subject to what is called the real or predial taille, the tax falls altogether upon the lands held by a base tenure. Those held by a noble one are exempted.

A land-tax assessed according to a general survey and valuation, how equal soever it may be at first, must, in the course of a very moderate period of time, become unequal. To prevent its becoming so would require the continual and painful attention of government to all the variations in the state and produce of every different farm in the country. The governments of Prussia, of Bohemia, of Sardinia, and of the dutchy of Milan, actually exert an attention of this kind; an attention so unsuitable

## 182 THE NATURE AND CAUSES OF

to the nature of government, that it is not likely to be of long continuance, and which, if it is continued, will probably in the long run occasion much more trouble and vexation than it can possibly bring relief to the contributors.

In 1666, the generality of Montauban was assessed to the real or predial taille according, it is said, to a very exact survey and valuation\*. By 1727, this assessment had become altogether unequal. In order to remedy this inconveniency, government has found no better expedient than to impose upon the whole generality an additional tax of a hundred and twenty thousand livres. This additional tax is rated upon all the different districts subject to the taille according to the old assessment. But it is levied only upon those which in the actual state of things are by that assessment under-taxed, and it is applied to the relief of those which by the same assessment are over-taxed. Two districts, for example, one of which ought in the actual state of things to be taxed at nine hundred, the other at eleven hundred livres, are by the old assessment both taxed at a thousand livres. Both these districts are by the additional tax rated at eleven hundred livres each. But this additional tax is levied only upon the district under-charged, and it is applied altogether to the relief of that over-charged, which consequently pays only nine hundred livres. The government neither gains nor loses by the additional tax, which is applied altogether to remedy the

\* Mémoires concernant les Droits, &c. tome II. p. 139, &c.

inequalities arising from the old assessment. The application is pretty much regulated according to the discretion of the intendant of the generality, and must, therefore, be in a great measure arbitrary.

*Taxes which are proportioned, not to the Rent, but to the Produce of Land.*

TAXES upon the produce of land are in reality taxes upon the rent; and though they may be originally advanced by the farmer, are finally paid by the landlord. When a certain portion of the produce is to be paid away for a tax, the farmer computes, as well as he can, what the value of this portion is, one year with another, likely to amount to, and he makes a proportionable abatement in the rent which he agrees to pay to the landlord. There is no farmer who does not compute beforehand what the church tithe, which is a land-tax of this kind, is, one year with another, likely to amount to.

The tithe, and every other land-tax of this kind, under the appearance of perfect equality, are very unequal taxes; a certain portion of the produce being, in different situations, equivalent to a very different portion of the rent. In some very rich lands the produce is so great, that the one half of it is fully sufficient to replace to the farmer his capital employed in cultivation, together with the ordinary profits of farming stock in the neighbourhood. The other half, or, what comes to the same thing, the value of the other half, he could afford to pay as rent to the landlord,

if there was no tithe. But if a tenth of the produce is taken from him in the way of tithe, he must require an abatement of the fifth part of his rent, otherwise he cannot get back his capital with the ordinary profit. In this case the rent of the landlord, instead of amounting to a half, or five-tenths of the whole produce, will amount only to four-tenths of it. In poorer lands, on the contrary, the produce is sometimes so small, and the expense of cultivation so great, that it requires four-fifths of the whole produce to replace to the farmer his capital with the ordinary profit. In this case, though there was no tithe, the rent of the landlord could amount to no more than one fifth or two-tenths of the whole produce. But if the farmer pays one-tenth of the produce in the way of tithe, he must require an equal abatement of the rent of the landlord, which will thus be reduced to one-tenth only of the whole produce. Upon the rent of rich lands, the tithe may sometimes be a tax of no more than one-fifth part, or four shillings in the pound; whereas upon that of poorer lands, it may sometimes be a tax of one-half, or of ten shillings in the pound.

The tithe, as it is frequently a very unequal tax upon the rent, so it is always a great discouragement both to the improvements of the landlord and to the cultivation of the farmer. The one cannot venture to make the most important, which are generally the most expensive improvements; nor the other to raise the most valuable, which are generally too the most expensive crops;

when the church, which lays out no part of the expence, is to share so very largely in the profit. The cultivation of madder was for a long time confined by the tithe to the United Provinces, which, being presbyterian countries, and upon that account exempted from this destructive tax, enjoyed a sort of monopoly of that useful dying drug against the rest of Europe. The late attempts to introduce the culture of this plant into England, have been made only in consequence of the statute which enacted that five shillings an acre should be received in lieu of all manner of tithe upon madder.

As through the greater part of Europe, the church, so in many different countries of Asia, the state, is principally supported by a land-tax, proportioned, not to the rent, but to the produce of the land. In China, the principal revenue of the sovereign consists in a tenth part of the produce of all the lands of the empire. This tenth part, however, is estimated so very moderately, that, in many provinces, it is said not to exceed a thirtieth part of the ordinary produce. The land-tax or land-rent which used to be paid to the Mahometan government of Bengal, before that country fell into the hands of the English East India Company, is said to have amounted to about a fifth part of the produce. The land-tax of ancient Egypt is said likewise to have amounted to a fifth part.

In Asia, this sort of land-tax is said to interest the sovereign in the improvement and cultivation of land. The sovereigns of China, those of



Bengal while under the Mahometan government, and those of ancient Egypt, are said accordingly to have been extremely attentive to the making and maintaining of good roads and navigable canals, in order to increase, as much as possible, both the quantity and value of every part, of the produce of the land, by procuring to every part of it the most extensive market which their own dominions could afford. The tithe of the church is divided into such small portions, that no one of its proprietors can have any interest of this kind. The parson of a parish could never find his account in making a road or canal to a distant part of the country, in order to extend the market for the produce of his own particular parish. Such taxes, when destined for the maintenance of the state, have some advantages which may serve in some measure to balance their inconveniency. When destined for the maintenance of the church, they are attended with nothing but inconveniency.

Taxes upon the produce of land may be levied, either in kind; or, according to a certain valuation, in money.

The parson of a parish, or a gentleman of small fortune who lives upon his estate, may sometimes, perhaps, find some advantage in receiving, the one his tithe, and the other his rent, in kind. The quantity to be collected, and the district within which it is to be collected, are so small, that they both can oversee, with their own eyes, the collection and disposal of every part of what is due to them. A gentleman of great fortune,

who lived in the capital, would be in danger of suffering much by the neglect, and more by the fraud of his factors and agents, if the rents of an estate in a distant province were to be paid to him in this manner. The loss of the sovereign, from the abuse and depredation of his tax-gatherers, would necessarily be much greater. The servants of the most careless private person are, perhaps, more under the eye of their master than those of the most careful prince; and a public revenue, which was paid in kind, would suffer so much from the mismanagement of the collectors, that a very small part of what was levied upon the people would ever arrive at the treasury of the prince. Some part of the public revenue of China, however, is said to be paid in this manner. The Mandarins and other tax-gatherers will, no doubt, find their advantage in continuing the practice of a payment which is so much more liable to abuse than any payment in money.

A tax upon the produce of land which is levied in money, may be levied either according to a valuation which varies with all the variations of the market price; or according to a fixed valuation, a bushel of wheat, for example, being always valued at one and the same money price, whatever may be the state of the market. The produce of a tax levied in the former way, will vary only according to the variations in the real produce of the land, according to the improvement or neglect of cultivation. The produce of a tax levied in the latter way will vary,

not only according to the variations in the produce of the land, but according to both those in the value of the precious metals, and those in the quantity of those metals which is at different times contained in coin of the same denomination. The produce of the former will always bear the same proportion to the value of the real produce of the land. The produce of the latter may, at different times, bear very different proportions to that value.

When, instead either of a certain portion of the produce of land, or of the price of a certain portion, a certain sum of money is to be paid in full compensation for all tax or tithe; the tax becomes, in this case, exactly of the same nature with the land-tax of England. It neither rises nor falls with the rent of the land. It neither encourages nor discourages improvement. The tithe in the greater part of those parishes which pay what is called a Modus in lieu of all other tithe, is a tax of this kind. During the Mahometan government of Bengal, instead of the payment in kind of a fifth part of the produce, a modus, and, it is said, a very moderate one, was established in the greater part of the districts or zemindaries of the country. Some of the servants of the East India Company, under pretence of restoring the public revenue to its proper value, have, in some provinces, exchanged this modus for a payment in kind. Under their management this change is likely both to discourage cultivation, and to give new opportunities for abuse in the collection of the public

revenue, which has fallen very much below what it was said to have been, when it first fell under the management of the company. The servants of the company may, perhaps, have profited by this change, but at the expense, it is probable, both of their masters and of the country.

*Taxes upon the Rent of Houses.*

THE rent of a house may be distinguished into two parts, of which the one may very properly be called the Building rent; the other is commonly called the Ground rent.

The building rent is the interest or profit of the capital expended in building the house. In order to put the trade of a builder upon a level with other trades, it is necessary that this rent should be sufficient, first, to pay him the same interest which he would have got for his capital if he had lent it upon good security; and, secondly, to keep the house in constant repair, or, what comes to the same thing, to replace, within a certain term of years, the capital which had been employed in building it. The building rent, or the ordinary profit of building, is, therefore, every where regulated by the ordinary interest of money. Where the market rate of interest is four per cent., the rent of a house which, over and above paying the ground rent, affords six, or six and a half per cent. upon the whole expense of building, may perhaps afford a sufficient profit to the builder. Where the market rate of interest is five per cent., it may perhaps require seven or seven and a half per cent. If,

in proportion to the interest of money, the trade of the builder affords at any time a much greater profit than this, it will soon draw so much capital from other trades as will reduce the profit to its proper level. If it affords at any time much less than this, other trades will soon draw so much capital from it as will again raise that profit.

Whatever part of the whole rent of a house is over and above what is sufficient for affording this reasonable profit, naturally goes to the ground-rent; and where the owner of the ground and the owner of the building are two different persons, is, in most cases, completely paid to the former. This surplus rent is the price which the inhabitant of the house pays for some real or supposed advantage of the situation. In country houses, at a distance from any great town, where there is plenty of ground to chuse upon, the ground rent is scarce any thing, or no more than what the ground which the house stands upon would pay if employed in agriculture. In country villas in the neighbourhood of some great town, it is sometimes a good deal higher; and the peculiar conveniency or beauty of situation is there frequently very well paid for. Ground rents are generally highest in the capital, and in those particular parts of it where there happens to be the greatest demand for houses, whatever be the reason of that demand, whether for trade and business, for pleasure and society, or for mere vanity and fashion.

A tax upon house-rent, payable by the tenant and proportioned to the whole rent of each house,

could not, for any considerable time at least, affect the building rent. If the builder did not get his reasonable profit, he would be obliged to quit the trade, which, by raising the demand for building, would in a short time bring back his profit to its proper level with that of other trades. Neither would such a tax fall altogether upon the ground-rent; but it would divide itself in such a manner as to fall, partly upon the inhabitant of the house, and partly upon the owner of the ground.

Let us suppose, for example, that a particular person judges that he can afford for house-rent an expense of sixty pounds a year; and let us suppose too that a tax of four shillings in the pound, or of one-fifth, payable by the inhabitant, is laid upon house-rent. A house of sixty pounds rent will in this case cost him seventy-two pounds a year, which is twelve pounds more than he thinks he can afford. He will, therefore, content himself with a worse house, or a house of fifty pounds rent, which, with the additional ten pounds that he must pay for the tax, will make up the sum of sixty pounds a year, the expense which he judges he can afford; and in order to pay the tax he will give up a part of the additional conveniency which he might have had from a house of ten pounds a year more rent. He will give up, I say, a part of this additional conveniency; for he will seldom be obliged to give up the whole, but will, in consequence of the tax, get a better house for fifty pounds a year, than he could have got if there had been

no tax. For as a tax of this kind, by taking away this particular competitor, must diminish the competition for houses of sixty pounds rent, so it must likewise diminish it for those of fifty pounds rent, and in the same manner for those of all other rents, except the lowest rent, for which it would for some time increase the competition. But the rents of every class of houses for which the competition was diminished, would necessarily be more or less reduced. As no part of this reduction, however, could, for any considerable time at least, affect the building rent; the whole of it must in the long-run necessarily fall upon the ground-rent. The final payment of this tax, therefore, would fall, partly upon the inhabitant of the house, who, in order to pay his share, would be obliged to give up a part of his conveniency; and partly upon the owner of the ground, who, in order to pay his share, would be obliged to give up a part of his revenue. In what proportion this final payment would be divided between them, it is not perhaps very easy to ascertain. The division would probably be very different in different circumstances, and a tax of this kind might, according to those different circumstances affect very unequally both the inhabitant of the house and the owner of the ground. The inequality with which a tax of this kind might fall upon the owners of different ground-rents, would arise altogether from the accidental inequality of this division. But the inequality with which it might fall upon the inhabitants of different houses would arise, not only from this, but

but from another cause.\* The proportion of the expense of house-rent to the whole expense of living, is different in the different degrees of fortune. It is perhaps highest in the highest degree, and it diminishes gradually through the inferior degrees, so as in general to be lowest in the lowest degree. The necessities of life occasion the great expense of the poor. They find it difficult to get food, and the greater part of their little revenue is spent in getting it. The luxuries and vanities of life occasion the principal expense of the rich; and a magnificent house embellishes and sets off to the best advantage all the other luxuries and vanities which they possess. A tax upon house-rents, therefore, would in general fall heaviest upon the rich; and in this sort of inequality there would not, perhaps, be any thing very unreasonable. It is not very unreasonable that the rich should contribute to the public expense, not only in proportion to their revenue, but something more than in that proportion.

The rent of houses, though it in some respects resembles the rent of land, is in one respect essentially different from it. The rent of land is paid for the use of a productive subject. The land which pays it produces it. The rent of houses is paid for the use of an unproductive subject. Neither the house nor the ground which it stands upon produce any thing. The person who pays the rent, therefore, must draw it from some other source of revenue, distinct from and independent of this subject. A tax upon the rent



## 194 THE NATURE AND CAUSES OF

of houses, so far as it falls upon the inhabitants, must be drawn from the same source as the rent itself, and must be paid from their revenue, whether derived from the wages of labor, the profits of stock, or the rent of land. So far as it falls upon the inhabitants, it is one of those taxes which fall, not upon one only, but indifferently upon all the three different sources of revenue; and is in every respect of the same nature as a tax upon any other sort of consumable commodities. In general there is not, perhaps, any one article of expense or consumption by which the liberality or narrowness of a man's whole expense can be better judged of, than by his house rent. A proportional tax upon this particular article of expense might, perhaps, produce a more considerable revenue than any which has hitherto been drawn from it in any part of Europe. If the tax indeed was very high, the greater part of people would endeavour to evade it, as much as they could, by contenting themselves with smaller houses, and by turning the greater part of their expense into some other channel.

The rent of houses might easily be ascertained with sufficient accuracy, by a policy of the same kind with that which would be necessary for ascertaining the ordinary rent of land. Houses not inhabited ought to pay no tax. A tax upon them would fall altogether upon the proprietor, who would thus be taxed for a subject which afforded him neither conveniency nor revenue. Houses inhabited by the proprietor ought to be

rated, not according to the expense which they might have cost in building, but according to the rent which an equitable arbitration might judge them likely to bring, if leased to a tenant. If rated according to the expense which they may have cost in building, a tax of three or four shillings in the pound, joined with other taxes, would ruin almost all the rich and great families of this, and, I believe, of every other civilized country. Whoever will examine, with attention, the different town and country houses of some of the richest and greatest families in this country, will find that, at the rate of only six and a half, or seven per cent. upon the original expense of building, their house-rent is nearly equal to the whole neat rent of their estates. It is the accumulated expense of several successive generations, laid out upon objects of great beauty and magnificence, indeed, but in proportion to what they cost, of very small exchangeable value\*.

Ground-rents are a still more proper subject of taxation than the rent of houses. A tax upon ground-rents would not raise the rent of houses. It would fall altogether upon the owner of the ground-rent, who acts always as a monopolist, and exacts the greatest rent that can be got for the use of his ground. More or less can be got for it according as the competitors happen to be richer or poorer, or can afford to gratify their fancy for

\* Since the first publication of this book, a tax nearly upon the above-mentioned principles has been imposed.

a particular spot of ground at a greater or smaller expense. In every country the greatest number of rich competitors is in the capital, and it is there accordingly that the highest ground-rents are always to be found. As the wealth of those competitors would in no respect be increased by a tax upon ground-rents, they would not probably be disposed to pay more for the use of the ground. Whether the tax was to be advanced by the inhabitant, or by the owner of the ground, would be of little importance. The more the inhabitant was obliged to pay for the tax, the less he would incline to pay for the ground; so that the final payment of the tax would fall altogether upon the owner of the ground rent. The ground-rents of uninhabited houses ought to pay no tax.

Both ground-rents and the ordinary rent of land are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. Though a part of this revenue should be taken from him in order to defray the expenses of the state, no discouragement will thereby be given to any sort of industry. The annual produce of the land and labor of the society, the real wealth and revenue of the great body of the people, might be the same after such a tax as before. Ground-rents, and the ordinary rent of land, are, therefore, perhaps, the species of revenue which can best bear to have a peculiar tax imposed upon them.

Ground-rents seem, in this respect, a more proper subject of peculiar taxation than even the

ordinary rent of land. The ordinary rent of land is, in many cases, owing partly at least to the attention and good management of the landlord. A very heavy tax might discourage too much this attention and good management. Ground-rents, so far as they exceed the ordinary rent of land, are altogether owing to the good government of the sovereign, which, by protecting the industry either of the whole people, or of the inhabitants of some particular place, enables them to pay so much more than its real value for the ground which they build their houses upon; or to make to its owner so much more than compensation for the loss which he might sustain by this use of it. Nothing can be more reasonable than that a fund which owes its existence to the good government of the state, should be taxed peculiarly, or should contribute something more than the greater part of other funds, towards the support of that government.

Though, in many different countries of Europe, taxes have been imposed upon the rent of houses, I do not know of any in which ground-rents have been considered as a separate subject of taxation. The contrivers of taxes have, probably, found some difficulty in ascertaining what part of the rent ought to be considered as ground-rent, and what part ought to be considered as building-rent. It should not, however, seem very difficult to distinguish those two parts of the rent from one another.

## 198 THE NATURE AND CAUSES OF

In Great Britain the rent of houses is supposed to be taxed in the same proportion as the rent of land, by what is called the annual land-tax. The valuation, according to which each different parish and district is assessed to this tax, is always the same. It was originally extremely unequal, and it still continues to be so. Through the greater part of the kingdom this tax falls still more lightly upon the rent of houses than upon that of land. In some few districts only, which were originally rated high, and in which the rents of houses have fallen considerably, the land-tax of three or four shillings in the pound, is said to amount to an equal proportion of the real rent of houses. Untenanted houses, though by law subject to the tax, are, in most districts, exempted from it by the favor of the assessors; and this exemption sometimes occasions some little variation in the rate of particular houses, though that of the district is always the same. Improvements of rents, by new buildings, repairs, &c., go to the discharge of the district, which occasions still further variations in the rate of particular houses.

In the province of Holland\* every house is taxed at two and a half per cent. of its value, without any regard either to the rent which it actually pays, or to the circumstance of its being tenanted or untenanted. There seems to be a hardship in obliging the proprietor to pay a tax for an untenanted house, from which he can derive no revenue; especially so very heavy a tax. In

\* *Mémoires concernant les Droits, &c.* p. 223.

Holland, where the market rate of interest does not exceed three per cent. two and a half per cent. upon the whole value of the house, must, in most cases, amount to more than a third of the building-rent, perhaps of the whole rent. The valuation, indeed, according to which the houses are rated, though very unequal, is said to be always below the real value. When a house is rebuilt, improved, or enlarged, there is a new valuation, and the tax is rated accordingly.

The contrivers of the several taxes which in England have, at different times, been imposed upon houses, seem to have imagined that there was some great difficulty in ascertaining, with tolerable exactness, what was the real rent of every house. They have regulated their taxes, therefore, according to some more obvious circumstance, such as they had probably imagined would, in most cases, bear some proportion to the rent.

The first tax of this kind was hearth-money; or a tax of two shillings upon every hearth. In order to ascertain how many hearths were in the house, it was necessary that the tax-gatherer should enter every room in it. This odious visit rendered the tax odious. Soon after the revolution, therefore, it was abolished as a badge of slavery.

The next tax of this kind was, a tax of two shillings upon every dwelling house inhabited. A house with ten windows to pay four shillings more. A house with twenty windows and upwards to pay eight shillings. This tax was

## 206 THE NATURE AND CAUSES OF

afterwards so far altered, that houses with twenty windows, and with less than thirty, were ordered to pay ten shillings, and those with thirty windows and upwards to pay twenty shillings. The number of windows can, in most cases, be counted from the outside, and, in all cases, without entering every room in the house. The visit of the tax-gatherer, therefore, was less offensive in this tax than in the hearth-money.

This tax was afterwards repealed, and in the room of it was established the window-tax, which has undergone too several alterations and augmentations. The window-tax, as it stands at present (January, 1775), over and above the duty of three shillings upon every house in England, and of one shilling upon every house in Scotland, lays a duty upon every window, which, in England, augments gradually from two-pence, the lowest rate, upon houses with not more than seven windows; to two shillings, the highest rate, upon houses with twenty-five windows and upwards. The principal objection to all such taxes is their inequality, an inequality of the worst kind, as they must frequently fall much heavier upon the poor than upon the rich. A house of ten pounds rent in a country town may sometimes have more windows than a house of five hundred pounds rent in London; and though the inhabitant of the former is likely to be a much poorer man than that of the latter, yet so far as his contribution is regulated by the window-tax, he must contribute more to the support

of the state. Such taxes are, therefore, directly contrary to the first of the four maxims above mentioned. They do not seem to offend much against any of the other three.

The natural tendency of the window-tax, and of all other taxes upon houses, is to lower rents. The more a man pays for the tax, the less, it is evident, he can afford to pay for the rent. Since the imposition of the window-tax, however, the rents of houses have upon the whole risen, more or less, in almost every town and village of Great Britain, with which I am acquainted. Such has been almost every where the increase of the demand for houses, that it has raised the rents more than the window-tax could sink them; one of the many proofs of the great prosperity of the country, and of the increasing revenue of its inhabitants. Had it not been for the tax, rents would probably have risen still higher.

## ARTICLE II.

*Taxes upon Profit, or upon the Revenue arising from Stock.*

THE revenue or profit arising from stock naturally divides itself into two parts; that which pays the interest, and which belongs to the owner of the stock; and that surplus part which is over and above what is necessary for paying the interest.

This latter part of profit is evidently a subject not taxable directly. It is the compensation,



and in most cases it is no more than a very moderate compensation, for the risk and trouble of employing the stock. The employer must have this compensation, otherwise he cannot, consistently with his own interest, continue the employment. If he was taxed directly, therefore, in proportion to the whole profit, he would be obliged either to raise the rate of his profit, or to charge the tax upon the interest of money; that is, to pay less interest. If he raised the rate of his profit in proportion to the tax, the whole tax, though it might be advanced by him, would be finally paid by one or other of two different sets of people, according to the different ways in which he might employ the stock of which he had the management. If he employed it as a farming stock in the cultivation of land, he could raise the rate of his profit only by retaining a greater portion, or, what comes to the same thing, the price of a greater portion of the produce of the land; and as this could be done only by a reduction of rent, the final payment of the tax would fall upon the landlord. If he employed it as a mercantile or manufacturing stock, he could raise the rate of his profit only by raising the price of his goods; in which case the final payment of the tax would fall altogether upon the consumers of those goods. If he did not raise the rate of his profit, he would be obliged to charge the whole tax upon that part of it which was allotted for the interest of money. He could afford less interest for whatever stock he borrowed, and the whole weight

of the tax would in this case fall ultimately upon the interest of money. So far as he could not relieve himself from the tax in the one way, he would be obliged to relieve himself in the other.

The interest of money seems at first sight a subject equally capable of being taxed directly as the rent of land. Like the rent of land, it is a neat produce which remains after completely compensating the whole risk and trouble of employing the stock. As a tax upon the rent of land cannot raise rents; because the neat produce which remains after replacing the stock of the farmer, together with his reasonable profit, cannot be greater after the tax than before it: so, for the same reason, a tax upon the interest of money could not raise the rate of interest; the quantity of stock or money in the country, like the quantity of land, being supposed to remain the same after the tax as before it. The ordinary rate of profit, it has been shown in the first book, is every where regulated by the quantity of stock to be employed in proportion to the quantity of the employment, or of the business which must be done by it. But the quantity of the employment, or of the business to be done by stock, could neither be increased nor diminished by any tax upon the interest of money. If the quantity of the stock to be employed therefore, was neither increased nor diminished by it, the ordinary rate of profit would necessarily remain the same. But the portion of this profit necessary for compensating the risk and trouble of the

employer, would likewise remain the same; that risk and trouble being in no respect altered. The residue, therefore, that portion which belongs to the owner of the stock, and which pays the interest of money, would necessarily remain the same too. At first sight, therefore, the interest of money seems to be a subject as fit to be taxed directly as the rent of land.

There are, however, two different circumstances which render the interest of money a much less proper subject of direct taxation than the rent of land.

First, the quantity and value of the land which any man possesses can never be a secret, and can always be ascertained with great exactness. But the whole amount of the capital stock which he possesses is almost always a secret, and can scarce ever be ascertained with tolerable exactness. It is liable, besides, to almost continual variations. A year seldom passes away, frequently not a month, sometimes scarce a single day, in which it does not rise or fall more or less. An inquisition into every man's private circumstances, and an inquisition which, in order to accommodate the tax to them, watched over all the fluctuations of his fortune, would be a source of such continual and endless vexation as no people could support.

Secondly, land is a subject which cannot be removed; whereas stock easily may. The proprietor of land is necessarily a citizen of the particular country in which his estate lies. The

proprietor of stock is properly a citizen of the world, and is not necessarily attached to any particular country. He would be apt to abandon the country in which he was exposed to a vexatious inquisition, in order to be assessed to a burdensome tax, and would remove his stock to some other country where he could either carry on his business, or enjoy his fortune more at his ease. By removing his stock he would put an end to all the industry which it had maintained in the country which he left. Stock cultivates land; stock employs labor. A tax which tended to drive away stock from any particular country, would so far tend to dry up every source of revenue, both to the sovereign and to the society. Not only the profits of stock, but the rent of land and the wages of labor, would necessarily be more or less diminished by its removal.

The nations, accordingly, who have attempted to tax the revenue arising from stock, instead of any severe inquisition of this kind, have been obliged to content themselves with some very loose, and, therefore, more or less arbitrary estimation. The extreme inequality and uncertainty of a tax assessed in this manner, can be compensated only by its extreme moderation, in consequence of which every man finds himself rated so very much below his real revenue, that he gives himself little disturbance though his neighbour should be rated somewhat lower.

By what is called the land-tax in England, it was intended that stock should be taxed in the same proportion as land. When the tax upon

land was at four shillings in the pound, or at one fifth of the supposed rent, it was intended that stock should be taxed at one-fifth of the supposed interest. When the present annual land-tax was first imposed, the legal rate of interest was six per cent. Every hundred pounds stock, accordingly, was supposed to be taxed at twenty-four shillings, the fifth part of six pounds. Since the legal rate of interest has been reduced to five per cent. every hundred pounds stock is supposed to be taxed at twenty shillings only. The sum to be raised, by what is called the land-tax, was divided between the country and the principal towns. The greater part of it was laid upon the country; and of what was laid upon the towns, the greater part was assessed upon the houses. What remained to be assessed upon the stock or trade of the towns (for the stock upon the land was not meant to be taxed) was very much below the real value of that stock or trade. Whatever inequalities, therefore, there might be in the original assessment, gave little disturbance. Every parish and district still continues to be rated for its land, its houses, and its stock, according to the original assessment; and the almost universal prosperity of the country, which in most places has raised very much the value of all these, has rendered those inequalities of still less importance now. The rate too upon each district continuing always the same, the uncertainty of this tax, so far as it might be assessed upon the stock of any individual, has been very much diminished, as well

as rendered of much less consequence. If the greater part of the lands of England are not rated to the land tax at half their actual value, the greater part of the stock of England is, perhaps, scarce rated at the fiftieth part of its actual value. In some towns the whole land-tax is assessed upon houses; as in Westminster, where stock and trade are free. It is otherwise in London.

In all countries a severe inquiry into the circumstances of private persons has been carefully avoided.

At Hamburg \* every inhabitant is obliged to pay to the state, one-fourth per cent. of all that he possesses; and as the wealth of the people of Hamburg consists principally in stock, this tax may be considered as a tax upon stock. Every man assesses himself, and, in the presence of the magistrate, puts annually into the public coffer a certain sum of money, which he declares upon oath to be one fourth per cent. of all that he possesses, but without declaring what it amounts to, or being liable to any examination upon that subject. This tax is generally supposed to be paid with great fidelity. In a small republic; where the people have entire confidence in their magistrates, are convinced of the necessity of the tax for the support of the state, and believe that it will be faithfully applied to that purpose, such conscientious and

\* *Mémoires concernant les Droits*, tome i. p. 74.

## 208 THE NATURE AND CAUSES OF

voluntary payment may sometimes be expected. It is not peculiar to the people of Hamburgh.

The canton of Underwald in Switzerland is frequently ravaged by storms and inundations, and is thereby exposed to extraordinary expenses. Upon such occasions the people assemble, and every one is said to declare with the greatest frankness what he is worth, in order to be taxed accordingly. At Zurich the law orders, that, in cases of necessity, every one should be taxed in proportion to his revenue; the amount of which he is obliged to declare upon oath. They have no suspicion, it is said, that any of their fellow-citizens will deceive them. At Basil the principal revenue of the state arises from a small custom upon goods exported. All the citizens make oath that they will pay every three months all the taxes imposed by the law. All merchants and even all inn-keepers are trusted with keeping themselves the account of the goods which they sell either within or without the territory. At the end of every three months they send this account to the treasurer, with the amount of the tax computed at the bottom of it. It is not suspected that the revenue suffers by this confidence\*.

To oblige every citizen to declare publicly upon oath the amount of his fortune, must not, it seems, in those Swiss cantons, be reckoned a hardship. At Hamburgh it would be reckoned the greatest. Merchants engaged in the hazardous

\* *Mémoires concernant les Droits*, tome 1. p. 163. 166. 171.

projects

projects of trade, all tremble at the thoughts of being obliged at all times to expose the real state of their circumstances. The ruin of their credit and the miscarriage of their projects, they foresee, would too often be the consequence. A sober and parsimonious people, who are strangers to all such projects, do not feel that they have occasion for any such concealment.

In Holland, soon after the exaltation of the late prince of Orange to the stadtholdership, a tax of two per cent. or the fiftieth penny, as it was called, was imposed upon the whole substance of every citizen. Every citizen assessed himself and paid his tax in the same manner as at Hamburgh; and it was in general supposed to have been paid with great fidelity. The people had at that time the greatest affection for their new government, which they had just established by a general insurrection. The tax was to be paid but once; in order to relieve the state in a particular exigency. It was, indeed, too heavy to be permanent. In a country where the market rate of interest seldom exceeds three per cent., a tax of two per cent. amounts to thirteen shillings and four-pence in the pound upon the highest neat revenue which is commonly drawn from stock. It is a tax which very few people could pay without encroaching more or less upon their capitals. In a particular exigency the people may, from great public zeal, make a great effort, and give up even a part of their capital, in order to relieve the state. But it is impossible



that they should continue to do so for any considerable time; and if they did, the tax would soon ruin them so completely as to render them altogether incapable of supporting the state.

The tax upon stock imposed by the land-tax bill in England, though it is proportioned to the capital, is not intended to diminish or take away any part of that capital. It is meant only to be a tax upon the interest of money proportioned to that upon the rent of land; so that when the latter is at four shillings in the pound, the former may be at four shillings in the pound too. The tax at Hamburgh, and the still more moderate taxes of Underwald and Zurich, are meant, in the same manner, to be taxes, not upon the capital, but upon the interest or neat revenue of stock. That of Holland was meant to be a tax upon the capital.

*Taxes upon the Profit of particular Employments.*

IN some countries extraordinary taxes are imposed upon the profits of stock; sometimes when employed in particular branches of trade, and sometimes when employed in agriculture.

Of the former kind are in England the tax upon hawkers and pedlars, that upon hackney coaches and chairs, and that which the keepers of ale-houses pay for a licence to retail ale and spirituous liquors. During the late war, another tax of the same kind was proposed upon shops. The war having been undertaken, it was said, in defence of the trade of the country, the merchants, who were to profit by it, ought to contribute towards the support of it.

A tax, however, upon the profits of stock employed in any particular branch of trade, can never fall finally upon the dealers (who must in all ordinary cases have their reasonable profit, and, where the competition is free, can seldom have more than that profit), but always upon the consumers, who must be obliged to pay in the price of the goods the tax which the dealer advances; and generally with some overcharges.

A tax of this kind when it is proportioned to the trade of the dealer, is finally paid by the consumer; and occasions no oppression to the dealer. When it is not so proportioned, but is the same upon all dealers, though in this case too it is finally paid by the consumer, yet it favors the great, and occasions some oppression to the small dealer. The tax of five shillings a week upon every hackney coach, and that of ten shillings a year upon every hackney chair, so far as it is advanced by the different keepers of such coaches and chairs, is exactly enough proportioned to the extent of their respective dealings. It neither favors the great, nor oppresses the smaller dealer. The tax of twenty shillings a year for a licence to sell ale; of forty shillings for a licence to sell spirituous liquors; and of forty shillings more for a licence to sell wine, being the same upon all retailers, must necessarily give some advantage to the great, and occasion some oppression to the small dealers. The former must find it more easy to get back the tax in the price of their goods than the latter. The moderation of the tax, however, renders this inequality of less importance, and it

may to many people appear not improper to give some discouragement to the multiplication of little alehouses.. The tax upon shops, it was intended, should be the same upon all shops. It could not well have been otherwise. It would have been impossible to proportion with tolerable exactness the tax upon a shop to the extent of the trade carried on in it, without such an inquisition as would have been altogether insupportable in a free country. If the tax had been considerable, it would have oppressed the small, and forced almost the whole retail trade into the hands of the great dealers. The competition of the former being taken away, the latter would have enjoyed a monopoly of the trade; and like all other monopolists would soon have combined to raise their profits much beyond what was necessary for the payment of the tax. The final payment, instead of falling upon the shopkeeper, would have fallen upon the consumer, with a considerable overcharge to the profit of the shopkeeper. For these reasons, the project of a tax upon shops was laid aside, and in the room of it was substituted the subsidy 1759.

What in France is called the personal taille is, perhaps, the most important tax upon the profits of stock employed in agriculture that is levied in any part of Europe.

In the disorderly state of Europe during the prevalence of the feudal government, the sovereign was obliged to content himself with taxing those who were too weak to refuse to pay

taxes. The great lords, though willing to assist him upon particular emergencies, refused to subject themselves to any constant tax, and he was not strong enough to force them. The occupiers of land all over Europe were, the greater part of them, originally bondmen. Through the greater part of Europe they were gradually emancipated. Some of them acquired the property of landed estates which they held by some base or ignoble tenure, sometimes under the king, and sometimes under some other great lord, like the ancient copy-holders of England. Others, without acquiring the property, obtained leases for terms of years, of the lands which they occupied under their lord, and thus became less dependent upon him. The great lords seem to have beheld the degree of prosperity and independency which this inferior order of men had thus come to enjoy, with a malignant and contemptuous indignation, and willingly consented that the sovereign should tax them. In some countries this tax was confined to the lands which were held in property by an ignoble tenure; and, in this case, the *taille* was said to be real. The land-tax established by the late king of Sardinia, and the *taille* in the provinces of Languedoc, Provence, Dauphiné, and Brittany; in the generality of Montauban, and in the elections of Agen and Condom, as well as in some other districts of France, are taxes upon lands held in property by an ignoble tenure. In other countries the tax was laid upon the supposed profits of all those who held in farm or lease lands belonging to other people, whatever might be the tenure

by which the proprietor held them; and in this case the *taille* was said to be personal. In the greater part of those provinces of France, which are called the Countries of Elections, the *taille* is of this kind. The real *taille*, as it is imposed only upon a part of the lands of the country, is necessarily an unequal, but it is not always an arbitrary tax, though it is so upon some occasions. The personal *taille*, as it is intended to be proportioned to the profits of a certain class of people, which can only be guessed at, is necessarily both arbitrary and unequal.

In France the personal *taille* at present (1775) annually imposed upon the twenty generalities, called the Countries of Elections, amounts to 40,107,239 livres, 16 sous \*. The proportion in which this sum is assessed upon those different provinces, varies, from year to year, according to the reports which are made to the king's council concerning the goodness or badness of the crops, as well as other circumstances, which may either increase or diminish their respective abilities to pay. Each generality is divided into a certain number of elections, and the proportion in which the sum imposed upon the whole generality is divided among those different elections, varies likewise from year to year, according to the reports made to the council concerning their respective abilities. It seems impossible that the council, with the best intentions, can ever proportion with tolerable exactness, either of those two

\* *Mémoires concernant les Droits, &c.* tome ii. p. 17.

assessments to the real abilities of the province or district upon which they are respectively laid. Ignorance and misinformation must always, more or less, mislead the most upright council. The proportion which each parish ought to support of what is assessed upon the whole election, and that which each individual ought to support of what is assessed upon his particular parish, are both in the same manner varied, from year to year, according as circumstances are supposed to require. These circumstances are judged of, in the one case, by the officers of the election; in the other by those of the parish; and both the one and the other are, more or less, under the direction and influence of the intendant. Not only ignorance and misinformation, but friendship, party animosity, and private resentment, are said frequently to mislead such assessors. No man subject to such a tax, it is evident, can ever be certain, before he is assessed, of what he is to pay. He cannot even be certain after he is assessed. If any person has been taxed who ought to have been exempted; or if any person has been taxed beyond his proportion, though both must pay in the mean time, yet if they complain, and make good their complaints, the whole parish is reimposed next year in order to reimburse them. If any of the contributors become bankrupt or insolvent, the collector is obliged to advance his tax, and the whole parish is reimposed next year in order to reimburse the collector. If the collector himself should become bankrupt, the parish which elects

him must answer for his conduct to the receiver-general of the election. But, as it might be troublesome for the receiver to prosecute the whole parish, he takes at his choice five or six of the richest contributors, and obliges them to make good what had been lost by the insolvency of the collector. The parish is afterwards reimposed in order to reimburse those five or six. Such reimpositions are always over and above the taille of the particular year in which they are laid on.

When a tax is imposed upon the profits of stock in a particular branch of trade, the traders are all careful to bring no more goods to market than what they can sell at a price sufficient to reimburse them for advancing the tax. Some of them withdraw a part of their stocks from the trade, and the market is more sparingly supplied than before. The price of the goods rises, and the final payment of the tax falls upon the consumer. But when a tax is imposed upon the profits of stock employed in agriculture, it is not the interest of the farmers to withdraw any part of their stock from that employment. Each farmer occupies a certain quantity of land, for which he pays rent. For the proper cultivation of this land a certain quantity of stock is necessary; and by withdrawing any part of this necessary quantity, the farmer is not likely to be able to pay either the rent or the tax. In order to pay the tax, it can never be his interest to diminish the quantity of his produce, nor

consequently to supply the market more sparingly than before. The tax, therefore, will never enable him to raise the price of his produce, so as to reimburse himself by throwing the final payment upon the consumer. The farmer, however, must have his reasonable profit as well as every other dealer, otherwise he must give up the trade. After the imposition of a tax of this kind, he can get this reasonable profit only by paying less rent to the landlord. The more he is obliged to pay in the way of tax, the less he can afford to pay in the way of rent. A tax of this kind imposed during the currency of a lease may, no doubt, distress or ruin the farmer. Upon the renewal of the lease it must always fall upon the landlord.

In the countries where the personal taille takes place, the farmer is commonly assessed in proportion to the stock which he appears to employ in cultivation. He is, upon this account, frequently afraid to have a good team of horses or oxen, but endeavours to cultivate with the meanest and most wretched instruments of husbandry that he can. Such is his distrust in the justice of his assessors, that he counterfeits poverty, and wishes to appear scarce able to pay any thing for fear of being obliged to pay too much. By this miserable policy he does not, perhaps, always consult his own interest in the most effectual manner; and he probably loses more by the diminution of his produce than he saves by that of his tax. Though, in consequence of this wretched cultivation the market



is, no doubt, somewhat worse supplied; yet the small rise of price which this may occasion, as it is not likely even to indemnify the farmer for the diminution of his produce, it is still less likely to enable him to pay more rent to the landlord. The public, the farmer, the landlord, all suffer more or less by this degraded cultivation. That the personal talle tends, in many different ways, to discourage cultivation, and consequently to dry up the principal source of the wealth of every great country, I have already had occasion to observe in the third book of this Inquiry.

What are called poll-taxes in the southern provinces of North America, and in the West Indian islands, annual taxes of so much a head upon every negro, are properly taxes upon the profits of a certain species of stock employed in agriculture. As the planters are, the greater part of them, both farmers and landlords, the final payment of the tax falls upon them in their quality of landlords without any retribution.

Taxes of so much a head upon the bondmen employed in cultivation, seem anciently to have been common all over Europe. There subsists at present a tax of this kind in the empire of Russia. It is probably upon this account that poll-taxes of all kinds have often been represented as badges of slavery. Every tax, however, is to the person who pays it a badge, not of slavery, but of liberty. It denotes that he is subject to government, indeed, but that, as he has some property, he cannot himself be the property of a master. A poll-tax

upon slaves is altogether different from a poll-tax upon freemen. The latter is paid by the persons upon whom it is imposed; the former by a different set of persons. The latter is either altogether arbitrary or altogether unequal, and in most cases is both the one and the other; the former, though in some respects unequal, different slaves being of different values, is in no respect arbitrary. Every master who knows the number of his own slaves, knows exactly what he has to pay. Those different taxes, however, being called by the same name, have been considered as of the same nature.

The taxes which in Holland are imposed upon men and maid servants, are taxes, not upon stock, but upon expense; and so far resemble the taxes upon consumable commodities. The tax of a guinea a head for every man servant, which has lately been imposed in Great Britain, is of the same kind. It falls heaviest upon the middling rank. A man of two hundred a year may keep a single man servant. A man of ten thousand a year will not keep fifty. It does not affect the poor.

Taxes upon the profits of stock in particular employments can never affect the interest of money. Nobody will lend his money for less interest to those who exercise the taxed, than to those who exercise the untaxed employments. Taxes upon the revenue arising from stock in all employments, where the government attempts to levy them with any degree of exactness, will, in many cases, fall upon the interest of money. The Vingtième, or twentieth penny, in France, is a tax of the

same kind with what is called the land-tax in England, and is assessed, in the same manner, upon the revenue arising from land, houses, and stock. So far as it affects stock it is assessed, though not with great rigor, yet with much more exactness than that part of the land-tax of England which is imposed upon the same fund. It, in many cases, falls altogether upon the interest of money. Money is frequently sunk in France upon what are called *Contrats* for the constitution of a rent; that is, perpetual annuities redeemable at any time by the debtor upon repayment of the sum originally advanced, but of which this redemption is not exigible by the creditor except in particular cases. The *Vingtième* seems not to have raised the rate of those annuities, though it is exactly levied upon them all.

#### APPENDIX TO ARTICLES I. and II.

##### *Taxes upon the capital Value of Land, Houses, and Stock.*

WHILE property remains in the possession of the same person, whatever permanent taxes may have been imposed upon it, they have never been intended to diminish or take away any part of its capital value, but only some part of the revenue arising from it. But when property changes hands, when it is transmitted either from the dead to the living, or from the living to the living, such taxes have frequently been imposed

upon it as necessarily take away some part of its capital value.

The transference of all sorts of property from the dead to the living, and that of immoveable property, of lands and houses, from the living to the living, are transactions which are in their nature either public and notorious, or such as cannot be long concealed. Such transactions, therefore, may be taxed directly. The transference of stock, or moveable property, from the living to the living, by the lending of money, is frequently a secret transaction, and may always be made so. It cannot easily, therefore, be taxed directly. It has been taxed indirectly in two different ways; first, by requiring that the deed, containing the obligation to repay, should be written upon paper or parchment which had paid a certain stamp-duty, otherwise not to be valid; secondly, by requiring, under the like penalty of invalidity, that it should be recorded either in a public or secret register, and by imposing certain duties upon such registration. Stamp-duties and duties of registration have frequently been imposed likewise upon the deeds transferring property of all kinds from the dead to the living, and upon those transferring immoveable property from the living to the living, transactions which might easily have been taxed directly.

The *Vicesima Hereditatum*, the twentieth penny of inheritances, imposed by Augustus upon the ancient Romans, was a tax upon the transference of property from the dead to the living. Dion

Cassius \*, the author who writes concerning it the least indistinctly, says, that it was imposed upon all successions, legacies, and donations, in case of death, except upon those to the nearest relations, and to the poor.

Of the same kind is the Dutch tax upon successions †. Collateral successions are taxed, according to the degree of relation, from five to thirty per cent. upon the whole value of the succession. Testamentary donations, or legacies to collaterals, are subject to the like duties. Those from husband to wife, or from wife to husband, to the fiftieth penny. The *Lucruiosa Hereditas*, the mournful succession of ascendants to descendants; to the twentieth penny only. Direct successions, or those of descendants to ascendants, pay no tax. The death of a father, to such of his children as live in the same house with him, is seldom attended with any increase, and frequently with a considerable diminution of revenue; by the loss of his industry, of his office, or of some life-rent estate, of which he may have been in possession. That tax would be cruel and oppressive which aggravated their loss by taking from them any part of his succession. It may, however, sometimes be otherwise with those children who, in the language of the Roman

\* Lib. 55. See also Burman de *Vetigalibus Pop. Rom.* cap. xi. and Bouchaud de l'impôt du vingtième sur les successions.

† *Mémoires concernant les Droits*, &c. tome 1. p. 225.

law, are said to be emancipated; in that of the Scotch law, to be foris-familiated; that is, who have received their portion, have got families of their own, and are supported by funds separate and independent of those of their father. Whatever part of his succession might come to such children, would be a real addition to their fortune, and might therefore, perhaps, without more inconveniency than what attends all duties of this kind, be liable to some tax.

The casualties of the feudal law were taxes upon the transference of land, both from the dead to the living, and from the living to the living. In the ancient times they constituted in every part of Europe one of the principal branches of the revenue of the crown.

The heir of every immediate vassal of the crown paid a certain duty generally a year's rent, upon receiving the investiture of the estate. If the heir was a minor, the whole rents of the estate, during the continuance of the minority, devolved to the superior without any other charge, besides the maintenance of the minor, and the payment of the widow's dower, when there happened to be a dowager upon the land. When the minor came to be of age, another tax, called Relief, was still due to the superior, which generally amounted likewise to a year's rent. A long minority, which in the present times so frequently disburdens a great estate of all its encumbrances, and restores the family to their ancient splendor, could in those times have no such effect. The

waste, and not the disencumbrance of the estate, was the common effect of a long minority.

By the feudal law the vassal could not alienate without the consent of his superior, who generally extorted a fine or composition for granting it. This fine, which was at first arbitrary, came in many countries to be regulated at a certain portion of the price of the land. In some countries, where the greater part of the other feudal customs have gone into disuse, this tax upon the alienation of land still continues to make a very considerable branch of the revenue of the sovereign. In the canton of Berne it is so high as a sixth part of the price of all noble fiefs; and a tenth part of that of all ignoble ones \*. In the canton of Lucerne the tax upon the sale of lands is not universal, and takes place only in certain districts. But if any person sells his land, in order to remove out of the territory, he pays ten per cent. upon the whole price of the sale †. Taxes of the same kind upon the sale either of all lands or of lands held by certain tenures, take place in many other countries, and make a more or less considerable branch of the revenue of the sovereign.

Such transactions may be taxed indirectly, by means either of stamp-duties, or of duties upon registration; and those duties either may or may not be proportioned to the value of the subject which is transferred.

\* Mémoires concernant les Droits, &c. tome I. p. 154.

† Ibid. p. 157.

In

In Great Britain the stamp-duties are higher or lower, not so much according to the value of the property transferred (an eighteen penny or half crown stamp being sufficient upon a bond for the largest sum of money) as according to the nature of the deed. The highest do not exceed six pounds upon every sheet of paper, or skin of parchment; and these high duties fall chiefly upon grants from the crown, and upon certain law proceedings, without any regard to the value of the subject. There are in Great Britain no duties on the registration of deeds or writings, except the fees of the officers who keep the register; and these are seldom more than a reasonable recompence for their labor. The crown derives no revenue from them.

In Holland\* there are both stamp-duties and duties upon registration; which in some cases are, and in some are not proportioned to the value of the property transferred. All testaments must be written upon stamped paper of which the price is proportioned to the property disposed of, so that there are stamps which cost from three pence, or three stivers a sheet, to three hundred florins, equal to about twenty-seven pounds ten shillings of our money. If the stamp is of an inferior price to what the testator ought to have made use of, his succession is confiscated. This is over and above all their other taxes on succession. Except bills of exchange, and some other mercantile bills, all

\* Mémoires concernant les Droits, &c. tome 1. p. 222, 224, 225.



other deeds, bonds, and contracts, are subject to a stamp-duty. This duty, however, does not rise in proportion to the value of the subject. All sales of land and of houses, and all mortgages upon either, must be registered, and, upon registration, pay a duty to the state of two and a half per cent. upon the amount of the price or of the mortgage. This duty is extended to the sale of all ships and vessels of more than two tons burden, whether decked or undecked. These, it seems, are considered as a sort of houses upon the water. The sale of moveables, when it is ordered by a court of justice, is subject to the like duty of two and a half per cent.

In France there are both stamp-duties and duties upon registration. The former are considered as a branch of the aides or excise, and in the provinces where those duties take place, are levied by the excise officers. The latter are considered as a branch of the domain of the crown, and are levied by a different set of officers.

These modes of taxation, by stamp-duties and by duties upon registration, are of very modern invention. In the course of little more than a century, however, stamp-duties have, in Europe, become almost universal, and duties upon registration extremely common. There is no art which one government sooner learns of another, than that of draining money from the pockets of the people.

Taxes upon the transference of property from the dead to the living, fall finally as well as

immediately upon the person to whom the property is transferred. Taxes upon the sale of land fall altogether upon the seller. The seller is almost always under the necessity of selling, and must, therefore, take such a price as he can get. The buyer is scarce ever under the necessity of buying, and will, therefore, only give such a price as he likes. He considers what the land will cost him in tax and price together. The more he is obliged to pay in the way of tax, the less he will be disposed to give in the way of price. Such taxes, therefore, fall almost always upon a necessitous person; and must, therefore, be frequently very cruel and oppressive. Taxes upon the sale of new-built houses, where the building is sold without the ground, fall generally upon the buyer, because the builder must generally have his profit; otherwise he must give up the trade. If he advances the tax, therefore, the buyer must generally repay it to him. Taxes upon the sale of old houses, for the same reason as those upon the sale of land, fall generally upon the seller; whom in most cases either conveniency or necessity obliges to sell. The number of new-built houses that are annually brought to market, is more or less regulated by the demand. Unless the demand is such as to afford the builder his profit, after paying all expenses, he will build no more houses. The number of old houses which happen at any time to come to market is regulated by accidents of which the greater part have no relation to the demand. Two or three great bankruptcies in a mercantile

town, will bring many houses to sale, which must be sold for what can be got for them. Taxes upon the sale of ground rents fall altogether upon the seller; for the same reason as those upon the sale of land. Stamp-duties, and duties upon the registration of bonds and contracts for borrowed money, fall altogether upon the borrower, and, in fact, are always paid by him. Duties of the same kind upon law proceedings fall upon the suitors. They reduce to both the capital value of the subject in dispute. The more it costs to acquire any property, the less must be the neat value of it when acquired.

All taxes upon the transference of property of every kind, so far as they diminish the capital value of that property, tend to diminish the funds destined for the maintenance of productive labor. They are all more or less unthrifty taxes that increase the revenue of the sovereign, which seldom maintains any but unproductive laborers; at the expense of the capital of the people, which maintains none but productive.

Such taxes, even when they are proportioned to the value of the property transferred, are still unequal; the frequency of transference not being always equal in property of equal value. When they are not proportioned to this value, which is the case with the greater part of the stamp-duties, and duties of registration, they are still more so. They are in no respect arbitrary, but are or may be in all cases perfectly clear and certain. Though they sometimes fall upon the person who is not very able to pay; the time of

payment is in most cases sufficiently convenient for him. When the payment becomes due, he must in most cases have the money to pay. They are levied at very little expense, and in general subject the contributors to no other inconveniency besides always the unavoidable one of paying the tax.

In France the stamp-duties are not much complained of. Those of registration, which they call the *Contrôle*, are. They give occasion, it is pretended, to much extortion in the officers of the farmers general who collect the tax, which is in a great measure arbitrary and uncertain. In the greater part of the libels which have been written against the present system of finances in France, the abuses of the *Contrôle* make a principal article. Uncertainty, however, does not seem to be necessarily inherent in the nature of such taxes. If the popular complaints are well founded, the abuse must arise, not so much from the nature of the tax, as from the want of precision and distinctness in the words of the edicts or laws which impose it.

The registration of mortgages, and in general of all rights upon immoveable property, as it gives great security both to creditors and purchasers, is extremely advantageous to the public. That of the greater part of deeds of other kinds is frequently inconvenient and even dangerous to individuals, without any advantage to the public. All registers which, it is acknowledged, ought to be kept secret, ought certainly never to exist. The credit of individuals ought certainly never to depend upon so very slender a security.

## 230 THE NATURE AND CAUSES OF

as the probity and religion of the inferior officers of revenue. But where the fees of registration have been made a source of revenue to the sovereign, register offices have commonly been multiplied without end, both for the deeds which ought to be registered, and for those which ought not. In France there are several different sorts of secret registers. This abuse, though not perhaps a necessary, it must be acknowledged, is a very natural effect of such taxes.

Such stamp-duties as those in England upon cards and dice, upon news-papers and periodical pamphlets, &c. are properly taxes upon consumption; the final payment falls upon the persons who use or consume such commodities. Such stamp-duties as those upon licences to retail ale, wine, and spirituous liquors, though intended, perhaps, to fall upon the profits of the retailers, are likewise finally paid by the consumers of those liquors. Such taxes, though called by the same name, and levied by the same officers and in the same manner with the stamp-duties above mentioned upon the transference of property, are however of a quite different nature, and fall upon quite different funds.

### ARTICLE III.

#### *Taxes upon the Wages of Labor.*

THE wages of the inferior classes of workmen, I have endeavoured to show in the first book, are every where necessarily regulated by

two different circumstances; the demand for labor, and the ordinary or average price of provisions. The demand for labor, according as it happens to be either increasing, stationary, or declining; or to require an increasing, stationary, or declining population, regulates the subsistence of the laborer, and determines in what degree it shall be, either liberal, moderate, or scanty. The ordinary or average price of provisions determines the quantity of money which must be paid to the workman in order to enable him, one year with another, to purchase this liberal, moderate, or scanty subsistence. While the demand for labor and the price of provisions, therefore, remain the same, a direct tax upon the wages of labor can have no other effect than to raise them somewhat higher than the tax. Let us suppose, for example, that in a particular place the demand for labor and the price of provisions were such, as to render ten shillings a week the ordinary wages of labor; and that a tax of one-fifth, or four shillings in the pound, was imposed upon wages. If the demand for labor and the price of provisions remained the same, it would still be necessary that the laborer should in that place earn such a subsistence as could be bought only for ten shillings a week, or that after paying the tax he should have ten shillings a week free wages. But in order to leave him such free wages after paying such a tax, the price of labor must in that place soon rise, not to twelve shillings a week only, but to twelve and sixpence, that is, in order to enable him to

## 232 THE NATURE AND CAUSES OF

pay a tax of one-fifth, his wages must necessarily soon rise, not one-fifth part only, but one-fourth. Whatever was the proportion of the tax, the wages of labor must in all cases rise, not only in that proportion, but in a higher proportion. If the tax, for example, was one-tenth, the wages of labor must necessarily soon rise, not one-tenth part only, but one-eighth.

A direct tax upon the wages of labor, therefore, though the laborer might perhaps pay it out of his hand, could not properly be said to be even advanced by him; at least if the demand for labor and the average price of provisions remained the same after the tax as before it. In all such cases, not only the tax, but something more than the tax, would in reality be advanced by the person who immediately employed him. The final payment would in different cases fall upon different persons. The rise which such a tax might occasion in the wages of manufacturing labor would be advanced by the master manufacturer, who would both be entitled and obliged to charge it, with a profit, upon the price of his goods. The final payment of this rise of wages, therefore, together with the additional profit of the master manufacturer, would fall upon the consumer. The rise which such a tax might occasion in the wages of country labor would be advanced by the farmer, who, in order to maintain the same number of laborers as before, would be obliged to employ a greater capital. In order to get back this greater capital, together with the ordinary profits

of stock, it would be necessary that he should retain a larger portion, or what comes to the same thing, the price of a larger portion, of the produce of the land, and consequently that he should pay less rent to the landlord. The final payment of this rise of wages, therefore, would in this case fall upon the landlord, together with the additional profit of the farmer who had advanced it. In all cases a direct tax upon the wages of labor must, in the long-run, occasion both a greater reduction in the rent of land, and a greater rise in the price of manufactured goods, than would have followed from the proper assessment of a sum equal to the produce of the tax, partly upon the rent of land, and partly upon consumable commodities.

If direct taxes upon the wages of labor have not always occasioned a proportionable rise in those wages, it is because they have generally occasioned a considerable fall in the demand for labor. The declension of industry, the decrease of employment for the poor, the diminution of the annual produce of the land and labor of the country, have generally been the effects of such taxes. In consequence of them, however, the price of labor must always be higher than it otherwise would have been in the actual state of the demand; and this enhancement of price, together with the profit of those who advance it, must always be finally paid by the landlords and consumers.

A tax upon the wages of country labor does not raise the price of the rude produce of land in proportion to the tax; for the same reason that a



## 234 THE NATURE AND CAUSES OF

tax upon the farmer's profits does not raise that price in that proportion.

Aburd, and destructive as such taxes are; however, they take place in many countries. In France that part of the ~~taille~~ <sup>taille</sup> which is charged upon the industry of workmen and day-laborers in country villages, is properly a tax of this kind. Their wages are computed according to the common rate of the district in which they reside; and that they may be as little liable as possible to any over-charge, their yearly gains are estimated at no more than two hundred working days in the year\*. The tax of each individual is varied from year to year according to different circumstances, of which the collector or the commissary, whom the intendant appoints to assist him, are the judges. In Bohemia, in consequence of the alteration in the system of finances which was begun in 1748, a very heavy tax is imposed upon the industry of artificers. They are divided into four classes. The highest class pay a hundred florins a year; which at two-and-twenty-pence halfpenny a florin, amounts to 9 l. 7 s. 6 d. The second class are taxed at seventy; the third at fifty; and the fourth, comprehending artificers in villages, and the lowest class of those in towns, at twenty-five florins†.

The recompence of ingenious artists and of men of liberal professions, I have endeavoured to show in the first book, necessarily keeps a certain proportion to the emoluments of inferior trades. A tax

\* Mémoires concernant les Droits, &c. tom. ii. p. 108.

† Ibid. tom. iii. p. 87.

upon this recompence, therefore, could have no other effect than to raise it somewhat higher than in proportion to the tax. If it did not rise in this manner, the ingenious arts and liberal professions, being no longer upon a level with other trades, would be so much deserted that they would soon return to that level.

The emoluments of offices are not, like those of trades and professions, regulated by the free competition of the market, and do not, therefore, always bear a just proportion to what the nature of the employment requires. They are, perhaps, in most countries, higher than it requires; the persons who have the administration of government being generally disposed to reward both themselves and their immediate dependents rather more than enough. The emoluments of offices, therefore, can in most cases very well bear to be taxed. The persons, besides, who enjoy public offices, especially the more lucrative, are in all countries the objects of general envy; and a tax upon their emoluments, even though it should be somewhat higher than upon any other sort of revenue, is always a very popular tax. In England, for example, when by the land-tax every other sort of revenue was supposed to be assessed at four shillings in the pound, it was very popular to lay a real tax of five shillings and sixpence in the pound upon the salaries of offices which exceeded a hundred pounds a year; the pensions of the younger branches of the royal family, the pay of the officers of the army and navy, and a few others

## 236 THE NATURE AND CAUSES OF

less obnoxious to envy excepted. There are in England no other direct taxes upon the wages of labor.

### ARTICLE IV.

*Taxes which, it is intended, should fall indifferently upon every different Species of Revenue.*

THE taxes which, it is intended, should fall indifferently upon every different species of revenue, are capitation taxes, and taxes upon consumable commodities. These must be paid indifferently from whatever revenue the contributors may possess; from the rent of their land, from the profits of their stock, or from the wages of their labor.

#### *Capitation Taxes.*

CAPITATION taxes, if it is attempted to proportion them to the fortune or revenue of each contributor, become altogether arbitrary. The state of a man's fortune varies from day to day, and without an inquisition more intolerable than any tax, and renewed at least once every year, can only be guessed at. His assessment, therefore, must in most cases depend upon the good or bad humor of his assessors, and must, therefore, be altogether arbitrary and uncertain.

Capitation taxes, if they are proportioned not to the supposed fortune, but to the rank of each contributor, become altogether unequal; the degrees of fortune being frequently unequal in the same degree of rank.

Such taxes, therefore, if it is attempted to render them equal, become altogether arbitrary and uncertain; and if it is attempted to render them certain and not arbitrary, become altogether unequal. Let the tax be light or heavy, uncertainty is always a great grievance. In a light tax a considerable degree of inequality may be supported; in a heavy one it is altogether intolerable.

In the different poll-taxes which took place in England during the reign of William III. the contributors were, the greater part of them, assessed according to the degree of their rank; as dukes, marquises, earls, viscounts, barons, esquires, gentlemen, the eldest and youngest sons of peers, &c. All shopkeepers and tradesmen worth more than three hundred pounds, that is, the better sort of them, were subject to the same assessment; how great soever might be the difference in their fortunes. Their rank was more considered than their fortune. Several of those who in the first poll-tax were rated according to their supposed fortune, were afterwards rated according to their rank. Serjeants, attornies, and proctors at law, who in the first poll-tax were assessed at three shillings in the pound of their supposed income, were afterwards assessed as gentlemen. In the assessment of a tax which was not very heavy, a considerable degree of inequality had been found less insupportable than any degree of uncertainty.

In the capitation which has been levied in France without any interruption since the

## 438 THE NATURE AND CAUSES OF

beginning of the present century, the highest orders of people are rated according to their rank by an invariable tariff; the lower orders of people, according to what is supposed to be their fortune, by an assessment which varies from year to year. The officers of the king's court, the judges and other officers in the superior courts of justice, the officers of the troops, &c. are assessed in the first manner. The inferior ranks of people in the provinces are assessed in the second. In France the great easily submit to a considerable degree of inequality in a tax which, so far as it affects them, is not a very heavy one; but could not brook the arbitrary assessment of an intendant. The inferior ranks of people must, in that country, suffer patiently the usage which their superiors think proper to give them.

In England the different poll-taxes never produced the sum which had been expected from them, or which, it was supposed, they might have produced, had they been exactly levied. In France the capitation always produces the sum expected from it. The mild government of England, when it assessed the different ranks of people to the poll-tax, contented itself with what that assessment happened to produce, and required no compensation for the loss which the state might sustain either by those who could not pay, or by those who would not pay (for there were many such), and who, by the indulgent execution of the law, were not forced to pay.

The more severe government of France assesses upon each generality a certain sum, which the intendant must find as he can. If any province complains of being assessed too high, it may, in the assessment of next year, obtain an abatement proportioned to the over-charge of the year before. But it must pay in the mean time. The intendant, in order to be sure of finding the sum assessed upon his generality, was empowered to assess it in a larger sum, that the failure or inability of some of the contributors might be compensated by the over-charge of the rest; and till 1765, the fixation of this surplus assessment was left altogether to his discretion. In that year indeed the council assumed this power to itself. In the capitation of the provinces, it is observed by the perfectly well-informed author of the *Memoirs* upon the impositions in France, the proportion which falls upon the nobility, and upon those whose privileges exempt them from the *taille*, is the least considerable. The largest falls upon those subject to the *taille*, who are assessed to the capitation at so much a pound of what they pay to that other tax.

Capitation taxes, so far as they are levied upon the lower ranks of people, are direct taxes upon the wages of labor, and are attended with all the inconveniencies of such taxes.

Capitation taxes are levied at little expense; and where they are rigorously exacted, afford a very large revenue to the state. It is upon this account that in countries where the ease, comfort, and

security, of the inferior ranks of people are little attended to, capitation taxes are very common. It is in general, however, but a small part of the public revenue, which, in a great empire, has ever been drawn from such taxes; and the greatest sum which they have ever afforded, might always have been found in some other way much more convenient to the people.

*Taxes upon consumable Commodities.*

THE impossibility of taxing the people, in proportion to their revenue, by any capitation, seems to have given occasion to the invention of taxes upon consumable commodities. The state not knowing how to tax, directly and proportionably, the revenue of its subjects, endeavours to tax it indirectly by taxing their expense, which, it is supposed, will in most cases be nearly in proportion to their revenue. Their expense is taxed by taxing the consumable commodities upon which it is laid out.

Consumable commodities are either necessities or luxuries.

By necessities I understand, not only the commodities which are indispensibly necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived,

lived, I suppose, very comfortably, though they had no linen. But in the present times, through the greater part of Europe, a creditable day-laborer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty, which, it is presumed, no body can well fall into without extreme bad conduct. Custom, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them. In Scotland, custom has rendered them a necessary of life to the lowest order of men; but not to the same order of women, who may, without any discredit, walk about bare-footed. In France, they are necessities neither to men nor to women; the lowest rank of both sexes appearing there publicly, without any discredit, sometimes in wooden shoes, and sometimes barefooted. Under necessities therefore, I comprehend, not only those things which nature, but those things which the established rules of decency have rendered necessary to the lowest rank of people. All other things I call luxuries; without meaning by this appellation, to throw the smallest degree of reproach upon the temperate use of them. Beer and ale, for example, in Great Britain, and wine, even in the wine countries, I call luxuries. A man of any rank may, without any reproach, abstain totally from tasting such liquors. Nature does not render them



## 242 . THE NATURE AND CAUSES OF

necessary for the support of life; and custom nowhere renders it indecent to live without them.

As the wages of labor are every where regulated, partly by the demand for it, and partly by the average price of the necessary articles of subsistence; whatever raises this average price must necessarily raise those wages, so that the laborer may still be able to purchase that quantity of those necessary articles which the state of the demand for labor, whether increasing, stationary, or declining, requires that he should have \*. A tax upon those articles necessarily raises their price somewhat higher than the amount of the tax, because the dealer, who advances the tax, must generally get it back with a profit. Such a tax must, therefore, occasion a rise in the wages of labor proportionable to this rise of price.

It is thus that a tax upon the necessities of life, operates exactly in the same manner as a direct tax upon the wages of labor. The laborer, though he may pay it out of his hand, cannot, for any considerable time at least, be properly said even to advance it. It must always in the long-run be advanced to him by his immediate employer in the advanced rate of his wages. His employer, if he is a manufacturer, will charge upon the price of his goods this rise of wages, together with a profit; so that the final payment of the tax, together with this over-charge, will fall upon the consumer. If his employer is a

\* See Book I. Chap. 8.

farmer, the final payment, together with a like over-charge, will fall upon the rent of the landlord.

It is otherwise with taxes upon what I call luxuries; even upon those of the poor. The rise in the price of the taxed commodities, will not necessarily occasion any rise in the wages of labor. A tax upon tobacco, for example, though a luxury of the poor as well as of the rich, will not raise wages. Though it is taxed in England at three times, and in France at fifteen times its original price, those high duties seem to have no effect upon the wages of labor. The same thing may be said of the taxes upon tea and sugar; which in England and Holland have become luxuries of the lowest ranks of people; and of those upon chocolate, which in Spain is said to have become so. The different taxes, which in Great Britain have in the course of the present century, been imposed upon spirituous liquors, are not supposed to have had any effect upon the wages of labor. The rise in the price of porter, occasioned by an additional tax of three shillings upon the barrel of strong beer, has not raised the wages of common labor in London. These were about eighteen pence and twenty pence a day before the tax, and they are not more now.

The high price of such commodities does not necessarily diminish the ability of the inferior ranks of people to bring up families. Upon the sober and industrious poor, taxes upon such commodities act as sumptuary laws, and dispose them

either to moderate, or to refrain altogether from the use of superfluities which they can no longer easily afford. Their ability to bring up families, in consequence of this forced frugality, instead of being diminished, is frequently, perhaps, increased by the tax. It is the sober and industrious poor who generally bring up the most numerous families, and who principally supply the demand for useful labor. All the poor indeed are not sober and industrious, and the dissolute and disorderly might continue to indulge themselves in the use of such commodities after this rise of price in the same manner as before; without regarding the distress which this indulgence might bring upon their families. Such disorderly persons, however, seldom rear up numerous families; their children generally perishing from neglect, mismanagement, and the scantiness or unwholesomeness of their food. If by the strength of their constitution they survive the hardships to which the bad conduct of their parents exposes them; yet the example of that bad conduct commonly corrupts their morals; so that, instead of being useful to society by their industry, they become public nuisances by their vices and disorders. Though the advanced price of the luxuries of the poor, therefore, might increase somewhat the distress of such disorderly families, and thereby diminish somewhat their ability to bring up children; it would not probably diminish much the useful population of the country.

Any rise in the average price of necessaries, unless it is compensated by a proportionable rise

in the wages of labor, must necessarily diminish more or less the ability of the poor to bring up numerous families, and consequently to supply the demand for useful labor; whatever may be the state of that demand, whether increasing, stationary, or declining; or such as requires an increasing, stationary, or declining population.

Taxes upon luxuries have no tendency to raise the price of any other commodities except that of the commodities taxed. Taxes upon necessities, by raising the wages of labor, necessarily tend to raise the price of all manufactures, and consequently to diminish the extent of their sale and consumption. Taxes upon luxuries are finally paid by the consumers of the commodities taxed, without any retribution. They fall indifferently upon every species of revenue, the wages of labor, the profits of stock, and the rent of land. Taxes upon necessities, so far as they affect the laboring poor, are finally paid, partly by landlords in the diminished rent of their lands, and partly by rich consumers, whether landlords or others, in the advanced price of manufactured goods; and always with a considerable over-charge. The advanced price of such manufactures as are real necessities of life, and are destined for the consumption of the poor, of coarse wollens, for example, must be compensated to the poor by a farther advancement of their wages. The middling and superior ranks of people, if they understood their own interest, ought always to oppose all taxes upon the necessities of life, as well as all direct taxes upon the wages of labor.

## 246 THE NATURE AND CAUSES OF

The final payment of both the one and the other falls altogether upon themselves, and always with a considerable over-charge. • They fall heaviest upon the landlords, who always pay in a double capacity; in that of landlords, by the reduction of their rent; and in that of rich consumers, by the increase of their expense. The observation of Sir Matthew Decker, that certain taxes are, in the price of certain goods, sometimes repeated and accumulated four or five times, is perfectly just with regard to taxes upon the necessaries of life. In the price of leather, for example, you must pay, not only for the tax upon the leather of your own shoes, but for a part of that upon those of the shoe-maker and the tanner. You must pay too for the tax upon the salt, upon the soap, and upon the candles which those workmen consume while employed in your service, and for the tax upon the leather, which the salt-maker, the soap-maker, and the candle-maker consume while employed in their service.

In Great Britain, the principal taxes upon the necessaries of life are those upon the four commodities just now mentioned, salt, leather, soap, and candles.

Salt is a very ancient and very universal subject of taxation. It was taxed among the Romans, and it is so at present in, I believe, every part of Europe. The quantity annually consumed by any individual is so small, and may be purchased so gradually, that nobody, it seems to have been thought, could feel very sensibly even a pretty

heavy tax upon it. It is in England taxed at three shillings and four-pence a bushel; about three times the original price of the commodity. In some other countries the tax is still higher. Leather is a real necessary of life. The use of linen renders soap such. In countries where the winter nights are long, candles are a necessary instrument of trade. Leather and soap are in Great Britain taxed at three half-pence a pound; candles at a penny; taxes which, upon the original price of leather, may amount to about eight or ten per cent; upon that of soap to about twenty or five-and-twenty per cent.; and upon that of candles to about fourteen or fifteen per cent.; taxes which, though lighter than that upon salt, are still very heavy. As all those four commodities are real necessities of life, such heavy taxes upon them must increase somewhat the expense of the sober and industrious poor, and must consequently raise more or less the wages of their labor.

In a country where the winters are so cold as in Great Britain, fuel is, during that season, in the strictest sense of the word, a necessary of life, not only for the purpose of dressing victuals, but for the comfortable subsistence of many different sorts of workmen who work within doors; and coals are the cheapest of all fuel. The price of fuel has so important an influence upon that of labor, that all over Great Britain manufactures have confined themselves principally to the coal countries; other parts of the country, on account of the high price of this necessary article, not being able to work so cheap. In some manufactures,

## 248 THE NATURE AND CAUSES OF

besides, coal is a necessary instrument of trade; as in those of glass, iron, and all other metals. If a bounty could in any case be reasonable, it might perhaps be so upon the transportation of coals from those parts of the country in which they abound, to those in which they are wanted. But the legislature, instead of a bounty, has imposed a tax of three shillings and threepence a ton upon coal carried coastways; which upon most sorts of coal is more than sixty per cent. of the original price at the coal-pit. Coals carried either by land or by inland navigation pay no duty. Where they are naturally cheap, they are consumed duty free: Where they are naturally dear, they are loaded with a heavy duty.

Such taxes, though they raise the price of subsistence, and consequently the wages of labor, yet they afford a considerable revenue to government, which it might not be easy to find in any other way. There may, therefore, be good reasons for continuing them. The bounty upon the exportation of corn, so far as it tends in the actual state of tillage to raise the price of that necessary article, produces all the like bad effects; and instead of affording any revenue, frequently occasions a very great expense to government. The high duties upon the importation of foreign corn, which in years of moderate plenty amount to a prohibition; and the absolute prohibition of the importation either of live cattle or of salt provisions, which takes place in the ordinary state of the law, and which, on account of the scarcity, is at

present suspended for a limited time with regard to Ireland and the British plantations, have all the bad effects of taxes upon the necessaries of life, and produce no revenue to government. Nothing seems necessary for the repeal of such regulations, but to convince the public of the futility of that system in consequence of which they have been established.

Taxes upon the necessaries of life are much higher in many other countries than in Great Britain. Duties upon flour and meal when ground at the mill, and upon bread when baked at the oven, take place in many countries. In Holland the money price of the bread consumed in towns is supposed to be doubled by means of such taxes. In lieu of a part of them, the people who live in the country pay every year so much a head, according to the sort of bread they are supposed to consume. Those who consume wheaten bread, pay three guilders fifteen stivers; about six shillings and nine-pence halfpenny. These, and some other taxes of the same kind, by raising the price of labor, are said to have ruined the greater part of the manufactures of Holland\*. Similar taxes, though not quite so heavy, take place in the Milanese, in the states of Genoa, in the dutchy of Modena, in the dutchies of Parma, Placentia, and Guastalla, and in the ecclesiastical state. A French † author

\* Mémoires concernant les Droits, &c. p. 210, 211.

† Le Réformateur.



of some note has proposed to reform the finances of his country, by substituting in the room of the greater part of other taxes, this most ruinous of all taxes. There is nothing so absurd, says Cicero, which has not sometimes been asserted by some philosophers.

Taxes upon butchers meat are still more common than those upon bread. It may indeed be doubted whether butchers meat is any where a necessary of life. Grain and other vegetables, with the help of milk, cheese, and butter, or oil, where butter is not to be had, it is known from experience, can, without any butchers meat, afford the most plentiful, the most wholesome, the most nourishing, and the most invigorating diet. Decency no where requires that any man should eat butchers meat, as it in most places requires that he should wear a linen shirt or a pair of leather shoes.

Consumable commodities, whether necessities or luxuries, may be taxed in two different ways. The consumer may either pay an annual sum on account of his using or consuming goods of a certain kind; or the goods may be taxed while they remain in the hands of the dealer, and before they are delivered to the consumer. The consumable goods which last a considerable time before they are consumed altogether, are most properly taxed in the one way. Those of which the consumption is either immediate or more speedy, in the other. The coach-tax and plate tax are examples of the former method

of imposing: The greater part of the other duties of excise and customs; of the latter, on to alcohol. A coach may, with good management, last ten or twelve years. It might be taxed, once for all, before it comes out of the hands of the coach-maker. But it is certainly more convenient for the buyer to pay four pounds a year for the privilege of keeping a coach, than to pay all at once forty or forty-eight pounds additional price to the coach-maker; or a sum equivalent to what the tax is likely to cost him during the time he uses the same coach. A service of plate, in the same manner, may last more than a century. It is certainly easier for the consumer to pay five shillings a year for every hundred ounces of plate, near one per cent. of the value, than to redeem this long annuity at five-and-twenty or thirty years purchase, which would enhance the price at least five-and-twenty or thirty per cent. The different taxes which affect houses are certainly more conveniently paid by moderate annual payments, than by a heavy tax of equal value upon the first building or sale of the house.

It was the well-known proposal of Sir Matthew Decker, that all commodities, even those of which the consumption is either immediate or very speedy, should be taxed in this manner; the dealer advancing nothing, but the consumer paying a certain annual sum for the licence to consume certain goods. The object of his scheme was to promote all the different branches

of foreign trade, particularly the carrying trade, by taking away all duties upon importation and exportation, and thereby enabling the merchant to employ his whole capital and credit in the purchase of goods and the freight of ships, no part of either being diverted towards the advancing of taxes. The project, however, of taxing, in this manner, goods of immediate or speedy consumption, seems liable to the four following very important objections. First, the tax would be more unequal, or not so well proportioned to the expense and consumption of the different contributors, as in the way in which it is commonly imposed. The taxes upon ale, wine, and spirituous liquors, which are advanced by the dealers, are finally paid by the different consumers exactly in proportion to their respective consumption. But if the tax were to be paid by purchasing a licence to drink those liquors, the sober would in proportion to his consumption, be taxed much more heavily than the drunken consumer. A family which exercised great hospitality would be taxed much more lightly than one who entertained fewer guests. Secondly, this mode of taxation, by paying for an annual, half-yearly, or quarterly licence to consume certain goods, would diminish very much one of the principal conveniencies of taxes upon goods of speedy consumption; the piece-meal payment. In the price of three-pence halfpenny, which is at present paid for a pot of porter, the different taxes upon malt, hops, and beer, together with the extraordinary profit which the

brewer charges for having advanced them, may perhaps amount to about three halfpence. If a workman can conveniently spare those three halfpence, he buys a pot of porter. If he cannot, he contents himself with a pint, and, as a penny saved is a penny got, he thus gains a farthing by his temperance. He pays the tax piece-meal, as he can afford to pay it, and when he can afford to pay it, and every act of payment is perfectly voluntary, and what he can avoid if he chuses to do so. Thirdly, such taxes would operate less as sumptuary laws. When the licence was once purchased, whether the purchaser drank much or drunk little, his tax would be the same. Fourthly, if a workman were to pay all at once, by yearly, half-yearly, or quarterly payments, a tax equal to what he at present pays, with little or no inconveniency, upon all the different pots and pints of porter which he drinks in any such period of time, the sum might frequently distress him very much. This mode of taxation, therefore, it seems evident, could never, without the most grievous oppression, produce a revenue nearly equal to what is derived from the present mode without any oppression. In several countries, however, commodities of an immediate or very speedy consumption are taxed in this manner. In Holland, people pay so much a head for a licence to drink tea. I have already mentioned a tax upon bread, which, so far as it is consumed in farm-houses and country villages, is there levied in the same manner.

The duties of excise are imposed chiefly upon goods of home produce, destined for home consumption. They are imposed only upon a few sorts of goods of the most general use. There can never be any doubt, either concerning the goods which are subject to those duties, or concerning the particular duty which each species of goods is subject to. They fall almost altogether upon what I call luxuries, excepting always the four duties above mentioned, upon salt, soap, leather, candles, and, perhaps, that upon green glass.

The duties of customs are much more ancient than those of excise. They seem to have been called customs, as denoting customary payments which had been in use from time immemorial. They appear to have been originally considered as taxes upon the profits of merchants. During the barbarous times of feudal anarchy, merchants, like all the other inhabitants of burghs, were considered as little better than emancipated bondmen, whose persons were despised, and whose gains were envied. The great nobility, who consented that the king should tallage the profits of their own tenants, were not unwilling that he should tallage likewise those of an order of men whom it was much less their interest to protect. In those ignorant times, it was not understood, that the profits of merchants are a subject not taxable directly; or that the final payment of all such taxes, must fall, with a considerable over-charge, upon the consumers.

The gains of alien merchants were looked upon more unfavorably than those of English merchants. It was natural, therefore, that those of the former should be taxed more heavily than those of the latter. The distinction between the duties upon aliens and those upon English merchants, which was begun from ignorance, has been continued from the spirit of monopoly, or in order to give our own merchants an advantage both in the home and in the foreign market.

With this distinction, the ancient duties of customs were imposed equally upon all sorts of goods, necessities as well as luxuries, goods exported as well as goods imported. Why should the dealers in one sort of goods, it seems to have been thought, be more favored than those in another? or why should the merchant exporter be more favored than the merchant importer? The ancient customs were divided into three branches. The first, and perhaps the most ancient of all those duties, was that upon wool and leather. It seems to have been chiefly or altogether an exportation duty. When the woollen manufacture came to be established in England, lest the king should lose any part of his customs upon wool by the exportation of woollen cloths, a like duty was imposed upon them. The other two branches were, first, a duty upon wine, which, being imposed at so much a ton, was called a tonnage; and, secondly, a duty upon all other goods, which, being imposed at so

much a pound of their supposed value, was called a poundage. In the forty-seventh year of Edward III. a duty of sixpence in the pound was imposed upon all goods exported and imported, except wools, wool-fells, leather, and wines, which were subject to particular duties. In the fourteenth of Richard II. this duty was raised to one shilling in the pound; but three years afterwards, it was again reduced to sixpence. It was raised to eight-pence in the second year of Henry IV.; and in the fourth year of the same prince, to one shilling. From this time to the ninth year of William III. this duty continued at one shilling in the pound. The duties of tonnage and poundage were generally granted to the king by one and the same act of parliament, and were called the Subsidy of Tonnage and Poundage. The subsidy of poundage having continued for so long a time at one shilling in the pound, or at five per cent.; a subsidy came, in the language of the customs, to denote a general duty of this kind of five per cent. This subsidy, which is now called the Old Subsidy, still continues to be levied according to the book of rates established in the twelfth of Charles II. The method of ascertaining, by a book of rates, the value of goods subject to this duty, is said to be older than the time of James I. The new subsidy imposed by the ninth and tenth of William III., was an additional five per cent. upon the greater part of goods. The one-third and the two third subsidy made up between them another five per cent.

cent. of which they were proportionable parts. The subsidy of 1747 made a fourth five per cent. upon the greater part of goods; and that of 1759, a fifth upon some particular sorts of goods. Besides those five subsidies, a great variety of other duties have occasionally been imposed upon particular sorts of goods, in order sometimes to relieve the exigencies of the state, and sometimes to regulate the trade of the country, according to the principles of the mercantile system.

That system has come gradually more and more into fashion. The old subsidy was imposed indifferently upon exportation as well as importation. The four subsequent subsidies, as well as the other duties which have since been occasionally imposed upon particular sorts of goods, have, with a few exceptions, been laid altogether upon importation. The greater part of the ancient duties which had been imposed upon the exportation of the goods of home produce and manufacture, have either been lightened or taken away altogether. In most cases they have been taken away. Bounties have even been given upon the exportation of some of them. Drawbacks too, sometimes of the whole, and, in most cases, of a part of the duties which are paid upon the importation of foreign goods, have been granted upon their exportation. Only half the duties imposed by the old subsidy upon importation are drawn back upon exportation: but the whole of those imposed by the latter subsidies and other imposts are, upon



the greater part of goods, drawn back in the same manner. This growing favor of exportation, and discouragement of importation, have suffered only a few exceptions, which chiefly concern the materials of some manufactures. These, our merchants and manufacturers are willing should come as cheap as possible to themselves, and as dear as possible to their rivals and competitors in other countries. Foreign materials are, upon this account, sometimes allowed to be imported duty free; Spanish wool, for example, flax, and raw linen yarn. The exportation of the materials of home produce, and of those which are the particular produce of our colonies, has sometimes been prohibited, and sometimes subjected to higher duties. The exportation of English wool has been prohibited. That of beaver skins, of beaver wool, and of gum Senega, has been subjected to higher duties; Great Britain, by the conquest of Canada and Senegal, having got almost the monopoly of those commodities.

That the mercantile system has not been very favorable to the revenue of the great body of the people, to the annual produce of the land and labor of the country, I have endeavoured to show in the fourth book of this Inquiry. It seems not to have been more favorable to the revenue of the sovereign; so far at least as that revenue depends upon the duties of customs.

In consequence of that system, the importation of several sorts of goods has been prohibited altogether. This prohibition has in some cases

entirely prevented, and in others has very much diminished the importation of those commodities, by reducing the importers to the necessity of smuggling. It has entirely prevented the importation of foreign woollens; and it has very much diminished that of foreign silks and velvets. In both cases it has entirely annihilated the revenue of customs which might have been levied upon such importation.

The high duties which have been imposed upon the importation of many different sorts of foreign goods, in order to discourage their consumption in Great Britain, have in many cases served only to encourage smuggling; and in all cases have reduced the revenue of the customs below what more moderate duties would have afforded. The saying of Dr. Swift, that in the arithmetic of the customs two and two, instead of making four, make sometimes only one, holds perfectly true with regard to such heavy duties, which never could have been imposed, had not the mercantile system taught us, in many cases, to employ taxation as an instrument, not of revenue, but of monopoly.

The bounties which are sometimes given upon the exportation of home produce and manufactures, and the drawbacks which are paid upon the re-exportation of the greater part of foreign goods, have given occasion to many frauds, and to a species of smuggling more destructive of the public revenue than any other. In order to obtain the bounty or drawback, the goods, it is well known, are sometimes

shipped and sent to sea ; but soon afterwards clandestinely relanded in some other part of the country. The defalcation of the revenue of customs occasioned by bounties and drawbacks, of which a great part are obtained fraudulently, is very great. The gross produce of the customs in the year which ended on the 5th of January 1755, amounted to 5,068,000*l*. The bounties which were paid out of this revenue, though in that year there was no bounty upon corn, amounted to 167,800*l*. The drawbacks which were paid upon debentures and certificates, to 2,156,800*l*. Bounties and drawbacks together, amounted to 2,334,600*l*. In consequence of these deductions the revenue of the customs amounted only to 2,743,400*l*.: from which, deducting 287,900*l*. for the expense of management in salaries and other incidents, the neat revenue of the customs for that year comes out to be 2,455,500*l*. The expense of management amounts in this manner to between five and six per cent. upon the gross revenue of the customs, and to something more than ten per cent. upon what remains of that revenue, after deducting what is paid away in bounties and drawbacks.

Heavy duties being imposed upon almost all goods imported, our merchants importers smuggle as much, and make entry of as little as they can. Our merchant exporters, on the contrary, make entry of more than they export ; sometimes out of vanity, and to pass for great dealers in goods which pay no duty ; and sometimes to gain a

bounty or a drawback. Our exports, in consequence of these different frauds, appear upon the customhouse books greatly to overbalance our imports; to the unspeakable comfort of those politicians who measure the national prosperity by what they call the balance of trade.

All goods imported, unless particularly exempted, and such exemptions are not very numerous, are liable to some duties of customs. If any goods are imported not mentioned in the book of rates, they are taxed at 4s. 9 $\frac{2}{10}$ d. for every twenty shillings value, according to the oath of the importer, that is, nearly at five subsidies, or five poundage duties. The book of rates is extremely comprehensive and enumerates a great variety of articles, many of them little used, and therefore not well known. It is upon this account frequently uncertain under what article a particular sort of goods ought to be classed, and consequently what duty they ought to pay. Mistakes with regard to this sometimes ruin the customhouse officer, and frequently occasion much trouble, expense, and vexation to the importer. In point of perspicuity, precision, and distinctness, therefore, the duties of customs are much inferior to those of excise.

In order that the greater part of the members of any society should contribute to the public revenue in proportion to their respective expense, it does not seem necessary that every single article of that expense should be taxed. The revenue, which is levied by the duties of excise,

is supposed to fall as equally upon the contributors as that which is levied by the duties of customs; and the duties of excise are imposed upon a few articles only of the most general use and consumption. It has been the opinion of many people, that, by proper management, the duties of customs might likewise, without any loss to the public revenue, and with great advantage to foreign trade, be confined to a few articles only.

The foreign articles, of the most general use and consumption in Great Britain, seem at present to consist chiefly in foreign wines and brandies; in some of the productions of America and the West Indies, sugar; rum, tobacco, cocoa-nuts, &c. and in some of those of the East Indies, tea, coffee, china ware, spiceries of all kinds, several sorts of piece-goods, &c. These different articles afford, perhaps, at present, the greater part of the revenue which is drawn from the duties of customs. The taxes which at present subsist upon foreign manufactures, if you except those upon the few contained in the foregoing enumeration, have the greater part of them been imposed for the purpose, not of revenue, but of monopoly, or to give our own merchants an advantage in the home market. By removing all prohibitions, and by subjecting all foreign manufactures to such moderate taxes, as it was found upon experience afforded upon each article the greatest revenue to the public, our own workmen might still have a considerable advantage in the home market, and many articles, some of which at present afford no revenue

to government, and others a very inconsiderable one, might afford a very great one.

High taxes, sometimes by diminishing the consumption of the taxed commodities, and sometimes by encouraging smuggling, frequently afford a smaller revenue to government than what might be drawn from more moderate taxes.

When the diminution of revenue is the effect of the diminution of consumption, there can be but one remedy, and that is lowering of the tax.

When the diminution of the revenue is the effect of the encouragement given to smuggling, it may perhaps be remedied in two ways; either by diminishing the temptation to smuggle, or by increasing the difficulty of smuggling. The temptation to smuggle can be diminished only by the lowering of the tax; and the difficulty of smuggling can be increased only by establishing that system of administration which is most proper for preventing it.

The excise laws, it appears; I believe, from experience, obstruct and embarrass the operations of the smuggler much more effectually than those of the customs. By introducing into the customs a system of administration as similar to that of the excise as the nature of the different duties will admit, the difficulty of smuggling might be very much increased. This alteration, it has been supposed by many people, might very easily be brought about.

The importer of commodities liable to any duties of customs, it has been said, might at his option be allowed either to carry them to his own private warehouse, or to lodge them in a warehouse provided either at his own expense or at that of the public, but under the key of the customhouse officer, and never to be opened but in his presence. If the merchant carried them to his own private warehouse, the duties to be immediately paid, and never afterwards to be drawn back; and that warehouse to be at all times subject to the visit and examination of the customhouse officer, in order to ascertain how far the quantity contained in it corresponded with that for which the duty had been paid. If he carried them to the public warehouse, no duty to be paid till they were taken out for home consumption. If taken out for exportation, to be duty-free; proper security being always given that they should be so exported. The dealers in those particular commodities, either by wholesale or retail, to be at all times subject to the visit and examination of the customhouse officer; and to be obliged to justify by proper certificates the payment of the duty upon the whole quantity contained in their shops or warehouses. What are called the excise-duties upon rum imported are at present levied in this manner, and the same system of administration might perhaps be extended to all duties upon goods imported; provided always that those duties were, like the duties of excise, confined to a few sorts of goods of the most general use and

consumption. If they were extended to almost all sorts of goods, as at present, public warehouses of sufficient extent could not easily be provided, and goods of a very delicate nature, or of which the preservation required much care and attention, could not safely be trusted by the merchant in any warehouse but his own.

If by such a system of administration smuggling, to any considerable extent, could be prevented even under pretty high duties; and if every duty was occasionally either heightened or lowered according as it was most likely, either the one way or the other, to afford the greatest revenue to the state; taxation being always employed as an instrument of revenue and never of monopoly; it seems not improbable that a revenue, at least equal to the present neat revenue of the customs, might be drawn from duties upon the importation of only a few sorts of goods of the most general use and consumption; and that the duties of customs might thus be brought to the same degree of simplicity, certainty, and precision, as those of excise. What the revenue at present loses, by drawbacks upon the re-exportation of foreign goods which are afterwards reloaded and consumed at home, would under this system be saved altogether. If to this saving, which would alone be very considerable, were added the abolition of all bounties upon the exportation of home-produce; in all cases in which those bounties were not in reality drawbacks of some duties of excise which had before been advanced; it cannot well be



doubted but that the neat revenue of customs might, after an alteration of this kind, be fully equal to what it had ever been before.

If by such a change of system the public revenue suffered no loss, the trade and manufactures of the country would certainly gain a very considerable advantage. The trade in the commodities not taxed, by far the greatest number, would be perfectly free, and might be carried on to and from all parts of the world with every possible advantage. Among those commodities would be comprehended all the necessaries of life, and all the materials of manufacture. So far as the free importation of the necessaries of life reduced their average money price in the home market, it would reduce the money price of labor, but without reducing in any respect its real recompense. The value of money is in proportion to the quantity of the necessaries of life which it will purchase. That of the necessaries of life is altogether independent of the quantity of money which can be had for them. The reduction in the money price of labor would necessarily be attended with a proportionable one in that of all home-manufactures, which would thereby gain some advantage in all foreign markets. The price of some manufactures would be reduced in a still greater proportion by the free importation of the raw materials. If raw silk could be imported from China and Indostan duty-free, the silk manufactures in England could greatly undersell those of both France and Italy. There would be no occasion to prohibit the importation of foreign silks and velvets.

The cheapness of their goods would secure to our own workmen, not only the possession of the home, but a very great command of the foreign market. Even the trade in the commodities taxed would be carried on with much more advantage than at present. If those commodities were delivered out of the public warehouse for foreign exportation, being in this case exempted from all taxes, the trade in them would be perfectly free. The carrying trade in all sorts of goods would under this system enjoy every possible advantage. If those commodities were delivered out for home-consumption, the importer not being obliged to advance the tax till he had an opportunity of selling his goods, either to some dealer, or to some consumer, he could always afford to sell them cheaper than if he had been obliged to advance it at the moment of importation. Under the same taxes, the foreign trade of consumption even in the taxed commodities, might in this manner be carried on with much more advantage than it can at present.

It was the object of the famous excise scheme of Sir Robert Walpole to establish, with regard to wine and tobacco, a system not very unlike that which is here proposed. But though the bill which was then brought into parliament, comprehended those two commodities only; it was generally supposed to be meant as an introduction to a more extensive scheme of the same kind. Faction, combined with the interest of smuggling merchants, raised so violent, though so unjust, a clamour against that bill, that the minister thought

proper to drop it; and from a dread of exciting a clamor of the same kind, none of his successors have dared to resume the project.

The duties upon foreign luxuries imported for home-consumption, though they sometimes fall upon the poor, fall principally upon people of middling or more than middling fortune. Such are; for example, the duties upon foreign wines, upon coffee, chocolate, tea, sugar, &c.

The duties upon the cheaper luxuries of home-produce destined for home-consumption, fall pretty equally upon people of all ranks in proportion to their respective expense. The poor pay the duties upon malt, hops, beer, and ale, upon their own consumption: The rich, upon both their own consumption and that of their servants.

The whole consumption of the inferior ranks of people, or of those below the middling rank, it must be observed, is in every country much greater, not only in quantity, but in value, than that of the middling and of those above the middling rank. The whole expense of the inferior is much greater than that of the superior ranks. In the first place, almost the whole capital of every country is annually distributed among the inferior ranks of people, as the wages of productive labor. Secondly, a great part of the revenue arising from both the rent of land and the profits of stock, is annually distributed among the same rank, in the wages and maintenance of menial servants, and other unproductive laborers. Thirdly, some part of the profits of stock belongs

to the same rank, as a revenue arising from the employment of their small capitals. The amount of the profits annually made by small shopkeepers, tradesmen, and retailers of all kinds, is every where very considerable, and makes a very considerable portion of the annual produce. Fourthly, and lastly, some part even of the rent of land belongs to the same rank; a considerable part to those who are somewhat below the middling rank, and a small part even to the lowest rank; common laborers sometimes possessing in property an acre or two of land. Though the expense of those inferior ranks of people, therefore, taking them individually, is very small, yet the whole mass of it, taking them collectively, amounts always to by much the largest portion of the whole expense of the society; what remains, of the annual produce of the land and labor of the country for the consumption of the superior ranks, being always much less, not only in quantity but in value. The taxes upon expense, therefore, which fall chiefly upon that of the superior ranks of people, upon the smaller portion of the annual produce, are likely to be much less productive than either those which fall indifferently upon the expense of all ranks, or even those which fall chiefly upon that of the inferior ranks; than either those which fall indifferently upon the whole annual produce, or those which fall chiefly upon the larger portion of it. The excise upon the materials and manufacture of home-made fermented and spirituous liquors is accordingly,

of all the different taxes upon expense, by far the most productive; and this branch of the excise falls very much, perhaps principally, upon the expense of the common people. In the year which ended on the 5th of July 1775, the gross produce of this branch of the excise amounted to 3,341,837 *l. 9 s. 9 d.*

It must always be remembered, however, that it is the luxurious and not the necessary expense of the inferior ranks of people that ought ever to be taxed. The final payment of any tax upon their necessary expense would fall altogether upon the superior ranks of people; upon the smaller portion of the annual produce, and not upon the greater. Such a tax must in all cases either raise the wages of labor, or lessen the demand for it. It could not raise the wages of labor, without throwing the final payment of the tax upon the superior ranks of people. It could not lessen the demand for labor, without lessening the annual produce of the land and labor of the country, the fund from which all taxes must be finally paid. Whatever might be the state to which a tax of this kind reduced the demand for labor, it must always raise wages higher than they otherwise would be in that state; and the final payment of this enhancement of wages must in all cases fall upon the superior ranks of people.

Fermented liquors brewed, and spirituous liquors distilled, not for sale, but for private use, are not in Great Britain liable to any duties of excise. This exemption, of which the object is to save private families from the odious visit and examination of

the tax-gatherer, occasions the burden of those duties to fall frequently much lighter upon the rich than upon the poor. It is not, indeed, very common to distil for private use, though it is done sometimes. But in the country, many middling and almost all rich and great families brew their own beer. Their strong beer, therefore, costs them eight shillings a barrel less than it costs the common brewer, who must have his profit upon the tax, as well as upon all the other expense which he advances. Such families, therefore, must drink their beer at least nine or ten shillings a barrel cheaper than any liquor of the same quality can be drunk by the common people, to whom it is every where more convenient to buy their beer, by little and little, from the brewery or the alehouse. Malt, in the same manner, that is made for the use of a private family, is not liable to the visit or examination of the tax-gatherer; but in this case the family must compound at seven shillings and sixpence a head for the tax. Seven shillings and sixpence are equal to the excise upon ten bushels of malt; a quantity fully equal to what all the different members of any sober family, men, women, and children, are at an average likely to consume. But in rich and great families, where country hospitality is much practised, the malt liquors consumed by the members of the family make but a small part of the consumption of the house. Either on account of this composition, however, or for other reasons, it is not near so common to malt as to brew for private use. It is difficult to imagine any equitable reason

why those who either brew or distil for private use, should not be subject to a composition of the same kind.

A greater revenue than what is at present drawn from all the heavy taxes upon malt, beer, and ale, might be raised, it has frequently been said, by a much lighter tax upon malt; the opportunities of defrauding the revenue being much greater in a brewery than in a malt-house; and those who brew for private use being exempted from all duties or composition for duties; which is not the case with those who malt for private use.

In the porter brewery of London, a quarter of malt is commonly brewed into more than two barrels and a half, sometimes into three barrels of porter. The different taxes upon malt amount to six shillings a quarter; those upon strong beer and ale to eight shillings a barrel. In the porter brewery, therefore, the different taxes upon malt, beer, and ale, amount to between twenty-six and thirty shillings upon the produce of a quarter of malt. In the country brewery for common country sale, a quarter of malt is seldom brewed into less than two barrels of strong and one barrel of small beer; frequently into two barrels and a half of strong beer. The different taxes upon small beer amount to one shilling and fourpence a barrel. In the country brewery, therefore, the different taxes upon malt, beer, and ale, seldom amount to less than twenty-three shillings and four pence, frequently to twenty-six shillings, upon the produce of a quarter of malt. Taking the whole kingdom at an average, therefore, the whole

whole amount of the duties upon malt, beer, and ale, cannot be estimated at less than twenty-four or twenty-five shillings upon the produce of a quarter of malt. But by taking off all the different duties upon beer and ale, and by tripling the malt-tax, or by raising it from six to eighteen shillings upon the quarter of malt, a greater revenue, it is said, might be raised by this single tax than what is at present drawn from all those heavier taxes.

	l.	s.	d.
In 1772, the old malt tax produced -	722,023	11	11
The additional - - -	356,776	7	9 3/4
In 1773, the old tax produced - -	561,627	3	7 1/2
The additional - - -	278,650	15	3 3/4
In 1774, the old tax produced - -	624,614	17	5 3/4
The additional - - -	310,745	2	8 1/2
In 1775, the old tax produced - -	657,357	-	8 1/4
The additional - - -	323,785	12	6 1/4
	4) 3,835,580	12	- 3/4
Average of these four years -	958,895	3	- 3/16
In 1772, the country excise produced -	1,243,128	5	3
The London brewery - - -	408,260	7	2 3/4
In 1773, the country excise - - -	1,245,808	3	3
The London brewery - - -	405,406	17	10 1/2
In 1774, the country excise - - -	1,246,373	14	5 1/2
The London brewery - - -	320,601	18	- 1/4
In 1775, the country excise - - -	1,214,583	6	1
The London brewery - - -	463,670	7	- 1/4
	4) 6,547,832	19	2 1/4
Average of these four years -	1,636,958	4	9 1/2
To which adding the average malt tax, or -	958,895	3	- 3/16
The whole amount of those different } taxes comes out to be - - -	2,595,853	7	9 11/16
But by tripling the malt tax, or by raising } it from six to eighteen shillings upon } the quarter of malt, that single tax } would produce - - - - -	2,876,685	9	- 9/16
A sum which exceeds the foregoing by -	280,832	1	2 14/16
W. of N. 4.		18	



Under the old malt tax, indeed, is comprehended a tax of four shillings upon the hoghead of cider, and another of ten shillings upon the barrel of mum. In 1774, the tax upon cider produced only 3083 *l.* 6 *s.* 8 *d.* It probably fell somewhat short of its usual amount; all the different taxes upon cider having, that year, produced less than ordinary. The tax upon mum, though much heavier, is still less productive, on account of the smaller consumption of that liquor. But to balance whatever may be the ordinary amount of those two taxes; there is comprehended under what is called The country excise, first, the old excise of six shillings and eight-pence upon the hoghead of cider; secondly, a like tax of six shillings and eight-pence upon the hoghead of verjuice; thirdly, another of eight shillings and nine-pence upon the hoghead of vinegar; and, lastly, a fourth tax of eleven-pence upon the gallon of mead or metheglin: the produce of those different taxes will probably much more than counterbalance that of the duties imposed, by what is called The annual malt tax upon cider and mum.

Malt is consumed not only in the brewery of beer and ale, but in the manufacture of low wines and spirits. If the malt tax were to be raised to eighteen shillings upon the quarter, it might be necessary to make some abatement in the different excises which are imposed upon those particular sorts of low wines and spirits of which malt makes any part of the materials. In what are called Malt spirits, it makes commonly but a third part

of the materials; the other two thirds being either raw barley, or one-third barley and one-third wheat. In the distillery of malt spirits, both the opportunity and the temptation to smuggle, are much greater than either in a brewery or in a malt-house; the opportunity, on account of the smaller bulk and greater value of the commodity; and the temptation, on account of the superior height of the duties, which amount to 3 s. 10  $\frac{2}{3}$  d. \* upon the gallon of spirits. By increasing the duties upon malt, and reducing those upon the distillery, both the opportunities and the temptation to smuggle would be diminished, which might occasion a still further augmentation of revenue.

It has for some time past been the policy of Great Britain to discourage the consumption of spirituous liquors, on account of their supposed tendency to ruin the health and to corrupt the morals of the common people. According to this policy, the abatement of the taxes upon the distillery ought not to be so great as to reduce, in any respect, the price of those liquors. Spirituous liquors might remain as dear as ever; while at the same time the wholesome and invigorating liquors of beer and ale might be considerably reduced in their price. The people might thus be in part relieved from one of the burdens of which they

\* Though the duties directly imposed upon proof spirits amount only to 2 s. 6 d. per gallon, these added to the duties upon the low wines, from which they are distilled, amount to 3 s. 10  $\frac{2}{3}$  d. Both low wines and proof spirits are, to prevent frauds, now rated according to what they gauge in the wash.

at present complain the most; while at the same time the revenue might be considerably augmented.

The objections of Dr. Davenant to this alteration in the present system of excise duties, seem to be without foundation. Those objections are, that the tax, instead of dividing itself as at present pretty equally upon the profit of the malster, upon that of the brewer, and upon that of the retailer, would so far as it affected profit, fall altogether upon that of the malster; that the malster could not so easily get back the amount of the tax in the advanced price of his malt, as the brewer and retailer in the advanced price of their liquor; and that so heavy a tax upon malt might reduce the rent and profit of barley land.

No tax can ever reduce, for any considerable time, the rate of profit in any particular trade, which must always keep its level with other trades in the neighbourhood. The present duties upon malt, beer, and ale, do not affect the profits of the dealers in those commodities, who all get back the tax with an additional profit, in the enhanced price of their goods. A tax indeed may render the goods upon which it is imposed so dear as to diminish the consumption of them. But the consumption of malt is in malt liquors; and a tax of eighteen shillings upon the quarter of malt could not well render those liquors dearer than the different taxes, amounting to twenty-four or twenty-five shillings, do at present. Those liquors, on the contrary, would probably become cheaper, and the consumption

of them would be more likely to increase than to diminish.

It is not very easy to understand why it should be more difficult for the malster to get back eighteen shillings in the advanced price of his malt, than it is at present for the brewer to get back twenty-four or twenty-five, sometimes thirty shillings, in that of his liquor. The malster, indeed, instead of a tax of six shillings, would be obliged to advance one of eighteen shillings upon every quarter of malt. But the brewer is at present obliged to advance a tax of twenty-four or twenty-five, sometimes thirty shillings upon every quarter of malt which he brews: It could not be more inconvenient for the malster to advance a lighter tax, than it is at present for the brewer to advance a heavier one. The malster doth not always keep in his granaries a stock of malt which it will require a longer time to dispose of, than the stock of beer and ale which the brewer frequently keeps in his cellars. The former, therefore, may frequently get the returns of his money as soon as the latter. But whatever inconveniency might arise to the malster from being obliged to advance a heavier tax, it could easily be remedied by granting him a few months longer credit than is at present commonly given to the brewer.

Nothing could reduce the rent and profit of barley land which did not reduce the demand for barley. But a change of system, which reduces the duties upon a quarter of malt brewed into beer and ale from twenty-four and twenty-five shillings to eighteen shillings, would be more likely to

increase than diminish that demand. The rent and profit of barley land, besides, must always be nearly equal to those of other equally fertile and equally well cultivated land. If they were less, some part of the barley land would soon be turned to some other purpose; and if they were greater, more land would soon be turned to the raising of barley. When the ordinary price of any particular produce of land is at what may be called a monopoly price, a tax upon it necessarily reduces the rent and profit of the land which grows it. A tax upon the produce of those precious vineyards, of which the wine falls so much short of the effectual demand; that its price is always above the natural proportion to that of the produce of other equally fertile and equally well cultivated land, would necessarily reduce the rent and profit of those vineyards. The price of the wines being already the highest that could be got for the quantity commonly sent to market, it could not be raised higher without diminishing that quantity; and the quantity could not be diminished without still greater loss, because the lands could not be turned to any other equally valuable produce. The whole weight of the tax, therefore, would fall upon the rent and profit; properly upon the rent of the vineyard. When it has been proposed to lay any new tax upon sugar, our sugar planters have frequently complained that the whole weight of such taxes fell, not upon the consumer, but upon the producer; they never having been able to raise the price.

of their sugar after the tax, higher than it was before. The price had, it seems, before the tax been a monopoly price; and the argument, adduced to show that sugar was an improper subject of taxation, demonstrated, perhaps, that it was a proper one; the gains of monopolists, whenever they can be come at, being certainly of all subjects the most proper. But the ordinary price of barley has never been a monopoly price; and the rent and profit of barley land have never been above their natural proportion to those of other equally fertile and equally well cultivated land. The different taxes which have been imposed upon malt, beer, and ale, have never lowered the price of barley; have never reduced the rent and profit of barley land. The price of malt to the brewer has constantly risen in proportion to the taxes imposed upon it; and those taxes, together with the different duties upon beer and ale, have constantly either raised the price, or what comes to the same thing, reduced the quality of those commodities to the consumer. The final payment of those taxes has fallen constantly upon the consumer, and not upon the producer.

The only people likely to suffer by the change of system here proposed, are those who brew for their own private use. But the exemption, which this superior rank of people at present enjoy, from very heavy taxes which are paid by the poor laborer and artificer, is surely most unjust and unequal, and ought to be taken away,

## 280 THE NATURE AND CAUSES OF

even though this change was never to take place. It has probably been the interest of this superior order of people, however, which has hitherto prevented a change of system that could not well fail both to increase the revenue and to relieve the people.

Besides such duties as those of customs and excise above mentioned; there are several others which affect the price of goods more unequally and more indirectly. Of this kind are the duties which in French are called *Péages*, which in old Saxon times were called Duties of Passage, and which seem to have been originally established for the same purpose as our turnpike tolls, or the tolls upon our canals and navigable rivers, for the maintenance of the road or of the navigation. Those duties, when applied to such purposes, are most properly imposed according to the bulk or weight of the goods. As they were originally local and provincial duties, applicable to local and provincial purposes, the administration of them was in most cases intrusted to the particular town, parish, or lordship, in which they were levied; such communities being in some way or other supposed to be accountable for the application. The sovereign, who is altogether unaccountable, has in many countries assumed to himself the administration of those duties; and though he has in most cases enhanced very much the duty, he has in many entirely neglected the application. If the turnpike tolls of Great Britain should ever become one of the resources of government, we may

learn, by the example of many other nations, what would probably be the consequence. Such tolls are no doubt finally paid by the consumer; but the consumer is not taxed in proportion to his expense when he pays, not according to the value, but according to the bulk or weight of what he consumes. When such duties are imposed, not according to the bulk or weight, but according to the supposed value of the goods, they become properly a sort of inland customs or excises, which obstruct very much the most important of all branches of commerce, the interior commerce of the country.

In some small states duties similar to those passage duties are imposed upon goods carried across the territory, either by land or by water, from one foreign country to another. These are in some countries called transit-duties. Some of the little Italian states, which are situated upon the Po, and the rivers which run into it, derive some revenue from duties of this kind, which are paid altogether by foreigners, and which, perhaps, are the only duties that one state can impose upon the subjects of another, without obstructing in any respect the industry or commerce of its own. The most important transit-duty in the world is that levied by the king of Denmark upon all merchant ships which pass through the Sound.

Such taxes upon luxuries as the greater part of the duties of customs and excise, though they all fall indifferently upon every different species of revenue, and are paid finally, or without any



retribution, by whoever consumes the commodities upon which they are imposed, yet they do not always fall equally or proportionably upon the revenue of every individual. As every man's humor regulates the degree of his consumption, every man contributes rather according to his humor than in proportion to his revenue; the profuse contribute more, the parsimonious less, than their proper proportion. During the minority of a man of great fortune, he contributes commonly very little, by his consumption, towards the support of that state from whose protection he derives a great revenue. Those who live in another country contribute nothing, by their consumption, towards the support of the government of that country, in which is situated the source of their revenue. If in this latter country there should be no land-tax, nor any considerable duty upon the transference either of moveable or of immoveable property, as is the case in Ireland, such absentees may derive a great revenue from the protection of a government to the support of which they do not contribute a single shilling. This inequality is likely to be greatest in a country of which the government is in some respects subordinate and dependent upon that of some other. The people who possess the most extensive property in the dependent, will in this case generally chuse to live in the governing country. Ireland is precisely in this situation, and we cannot therefore wonder that the proposal of a tax upon absentees should be so very popular in that country. It might,

perhaps, be a little difficult to ascertain either what sort, or what degree of absence would subject a man to be taxed as an absentee, or at what precise time the tax should either begin or end. If you except, however, this very peculiar situation, any inequality in the contribution of individuals, which can arise from such taxes, is much more than compensated by the very circumstance which occasions that inequality; the circumstance that every man's contribution is altogether voluntary; it being altogether in his power either to consume or not to consume the commodity taxed. Where such taxes, therefore, are properly assessed and upon proper commodities, they are paid with less grumbling than any other. When they are advanced by the merchant or manufacturer, the consumer, who finally pays them, soon comes to confound them with the price of the commodities, and almost forgets that he pays any tax.

Such taxes are or may be perfectly certain, or may be assessed so as to leave no doubt concerning either what ought to be paid, or when it ought to be paid; concerning either the quantity or the time of payment. Whatever uncertainty there may sometimes be, either in the duties of customs in Great Britain, or in other duties of the same kind in other countries, it cannot arise from the nature of those duties, but from the inaccurate or unskilful manner in which the law that imposes them is expressed.

Taxes upon luxuries generally are, and always may be, paid piece-meal, or in proportion

## 184 THE NATURE AND CAUSES OF

as the contributors have occasion to purchase the goods upon which they are imposed. In the time and mode of payment they are, or may be, of all taxes the most convenient. Upon the whole, such taxes, therefore, are, perhaps, as agreeable to the three first of the four general maxims concerning taxation, as any other. They offend in every respect against the fourth.

Such taxes, in proportion to what they bring into the public treasury of the state, always take out or keep out of the pockets of the people more than almost any other taxes. They seem to do this in all the four different ways in which it is possible to do it.

First, the levying of such taxes, even when imposed in the most judicious manner, requires a great number of customhouse and excise officers, whose salaries and perquisites are a real tax upon the people, which brings nothing into the treasury of the state. This expense, however, it must be acknowledged, is more moderate in Great Britain than in most other countries. In the year which ended on the fifth of July 1775, the gross produce of the different duties, under the management of the commissioners of excise in England, amounted to 5,507,308 *l.* 18 *s.* 8  $\frac{1}{4}$  *d.* which was levied at an expense of little more than five and a half per cent. From this gross produce, however, there must be deducted what was paid away in bounties and drawbacks upon the exportation of exciseable goods, which will reduce the neat produce below five

millions \*. The levying of the salt duty, an excise duty, but under a different management, is much more expensive. The neat revenue of the customs does not amount to two millions and a half, which is levied at an expense of more than ten per cent. in the salaries of officers, and other incidents. But the perquisites of customhouse officers are every where much greater than their salaries; at some ports more than double or triple those salaries. If the salaries of officers, and other incidents, therefore, amount to more than ten per cent. upon the neat revenue of the customs; the whole expense of levying that revenue may amount, in salaries and perquisites together, to more than twenty or thirty per cent. The officers of excise receive few or no perquisites, and the administration of that branch of the revenue being of more recent establishment, is in general less corrupted than that of the customs, into which length of time has introduced and authorized many abuses. By charging upon malt the whole revenue which is at present levied by the different duties upon malt and malt liquors, a saving, it is supposed, of more than fifty thousand pounds might be made in the annual expense of the excise. By confining the duties or customs to a few sorts of goods, and by levying those duties according to the excise laws, a much greater saving might

\* The neat produce of that year, after deducting all expenses and allowances, amounted to 4,975,652*l.* 19*s.* 6*d.*

probably be made in the annual expence of the customs.

Secondly, such taxes necessarily occasion some obstruction or discouragement to certain branches of industry. As they always raise the price of the commodity taxed, they so far discourage its consumption, and consequently its production. If it is a commodity of home growth or manufacture, less labor comes to be employed in raising and producing it. If it is a foreign commodity of which the tax increases in this manner the price, the commodities of the same kind which are made at home may thereby, indeed, gain some advantage in the home market, and a greater quantity of domestic industry may thereby be turned toward preparing them. But though this rise of price in a foreign commodity may encourage domestic industry in one particular branch, it necessarily discourages that industry in almost every other. The dearer the Birmingham manufacturer buys his foreign wine, the cheaper he necessarily sells that part of his hardware with which, or, what comes to the same thing, with the price of which he buys it. That part of his hardware, therefore, becomes of less value to him, and he has less encouragement to work at it. The dearer the consumers in one country pay for the surplus produce of another, the cheaper they necessarily sell that part of their own surplus produce with which, or, what comes to the same thing, with the price of which they buy it. That part of their own surplus produce

becomes of less value to them; and they have less encouragement to increase its quantity. All taxes upon consumable commodities, therefore, tend to reduce the quantity of productive labor below what it otherwise would be, either in preparing the commodities taxed, if they are home commodities; or in preparing those with which they are purchased, if they are foreign commodities. Such taxes too always alter, more or less, the natural direction of national industry, and turn it into a channel always different from, and generally less advantageous than that in which it would have run of its own accord.

Thirdly, the hope of evading such taxes by smuggling gives frequent occasion to forfeitures and other penalties, which entirely ruin the smuggler; a person who, though no doubt highly blamable for violating the laws of his country, is frequently incapable of violating those of natural justice, and would have been, in every respect, an excellent citizen, had not the laws of his country made that a crime which nature never meant to be so. In those corrupted governments where there is at least a general suspicion of much unnecessary expense, and great misapplication of the public revenue, the laws which guard it are little respected. Not many people are scrupulous about smuggling, when, without perjury, they can find any easy and safe opportunity of doing so. To pretend to have any scruple about buying smuggled goods, though a manifest encouragement to the violation of the revenue laws, and to the perjury which almost

always attends it, 'would in most countries be regarded as one of those pedantic pieces of hypocrisy which, instead of gaining credit with any body, serve only to expose the person who affects to practise them, to the suspicion of being a greater knave than most of his neighbours. By this indulgence of the public, the smuggler is often encouraged to continue a trade which he is thus taught to consider as in some measure innocent; and when the severity of the revenue laws is ready to fall upon him, he is frequently disposed to defend with violence, what he has been accustomed to regard as his just property. From being at first, perhaps, rather imprudent than criminal, he at last too often becomes one of the hardiest and most determined violators of the laws of society. By the ruin of the smuggler, his capital, which had before been employed in maintaining productive labor, is absorbed either in the revenue of the state or in that of the revenue-officer, and is employed in maintaining unproductive, to the diminution of the general capital of the society, and of the useful industry which it might otherwise have maintained.

Fourthly, such taxes, by subjecting at least the dealers in the taxed commodities to the frequent visits and odious examination of the tax-gatherers, expose them sometimes, no doubt, to some degree of oppression, and always to much trouble and vexation; and though vexation, as has already been said, is not strictly speaking

speaking expense, it is certainly equivalent to the expense at which every man would be willing to redeem himself from it. The laws of excise, though more effectual for the purpose for which they were instituted, are, in this respect, more vexatious than those of the customs. When a merchant has imported goods subject to certain duties of customs, when he has paid those duties, and lodged the goods in his warehouse, he is not in most cases liable to any further trouble or vexation from the customhouse officer. It is otherwise with goods subject to duties of excise. The dealers have no respite from the continual visits and examination of the excise officers. The duties of excise are, upon this account, more unpopular than those of the customs; and so are the officers who levy them. Those officers, it is pretended, though in general, perhaps, they do their duty fully as well as those of the customs; yet, as that duty obliges them to be frequently very troublesome to some of their neighbours, commonly contract a certain hardness of character which the others frequently have not. This observation, however, may very probably be the mere suggestion of fraudulent dealers, whose smuggling is either prevented or detected by their diligence.

The inconveniencies, however, which are, perhaps, in some degree inseparable from taxes upon consumable commodities, fall as light upon the people of Great Britain as upon those of any other country of which the government is nearly as expensive. Our state is not perfect, and might



be mended; but it is as good or better than that of most of our neighbours.

- 7 In consequence of the notion that duties upon consumable goods were taxes upon the profits of merchants, those duties have, in some countries, been repeated upon every successive sale of the goods. If the profits of the merchant importer or merchant manufacturer were taxed, equality seemed to require that those of all the middle buyers, who intervened between either of them and the consumer, should likewise be taxed. The famous Alcala of Spain seems to have been established upon this principle. It was at first a tax of ten per cent., afterwards of fourteen per cent., and is at present of only six per cent. upon the sale of every sort of property, whether moveable or immovable; and it is repeated every time the property is sold.\* The levying of this tax requires a multitude of revenue-officers sufficient to guard the transportation of goods, not only from one province to another, but from one shop to another. It subjects, not only the dealers in some sorts of goods, but those in all sorts, every farmer, every manufacturer, every merchant and shop-keeper, to the continual visits and examination of the tax-gatherers. Through the greater part of a country in which a tax of this kind is established, nothing can be produced for distant sale. The produce of every part of the country must be

\* *Mémoires concernant les Droits*, &c. tom. i. p. 455.

proportioned to the consumption of the neighbourhood. It is to the Alcavala, accordingly, that Ustaritz imputes the ruin of the manufactures of Spain. He might have imputed to it likewise the declension of agriculture, it being imposed not only upon manufactures, but upon the rude produce of the land.

In the kingdom of Naples there is a similar tax of three per cent. upon the value of all contracts, and consequently upon that of all contracts of sale. It is both lighter than the Spanish tax, and the greater part of towns and parishes are allowed to pay a composition in lieu of it. They levy this composition in what manner they please, generally in a way that gives no interruption to the interior commerce of the place. The Neapolitan tax, therefore, is not near so ruinous as the Spanish one.

The uniform system of taxation, which, with a few exceptions of no great consequence, takes place in all the different parts of the united kingdom of Great Britain, leaves the interior commerce of the country, the inland and coasting trade, almost entirely free. The inland trade is almost perfectly free, and the greater part of goods may be carried from one end of the kingdom to the other, without requiring any permit or let-pass, without being subject to question, visit, or examination from the revenue officers. There are a few exceptions, but they are such as can give no interruption to any important branch of the inland commerce of the country.

Goods carried coastwise, indeed, require certificates or coast-cockets. If you except coals, however, the rest are almost all duty-free. This freedom of interior commerce, the effect of the uniformity of the system of taxation, is perhaps one of the principal causes of the prosperity of Great Britain; every great country being necessarily the best and most extensive market for the greater part of the productions of its own industry. If the same freedom, in consequence of the same uniformity, could be extended to Ireland and the plantations, both the grandeur of the state and the prosperity of every part of the empire, would probably be still greater than at present.

In France, the different revenue laws which take place in the different provinces, require a multitude of revenue-officers to surround, not only the frontiers of the kingdom, but those of almost each particular province, in order either to prevent the importation of certain goods, or to subject it to the payment of certain duties, to the no small interruption of the interior commerce of the country. Some provinces are allowed to compound for the gabelle or salt-tax. Others are exempted from it altogether. Some provinces are exempted from the exclusive sale of tobacco, which the farmers-general enjoy through the greater part of the kingdom. The aides, which correspond to the excise in England, are very different in different provinces. Some provinces are exempted from them, and pay a composition or equivalent. In those in which they take place and are in farm, there are many

local duties which do not extend beyond a particular town or district. The *Traites*, which correspond to our customs, divide the kingdom into three great parts; first, the provinces subject to the tariff of 1664, which are called the provinces of the five great farms, and under which are comprehended Picardy, Normandy, and the greater part of the interior provinces of the kingdom; secondly, the provinces subject to the tariff of 1667, which are called the provinces reckoned foreign, and under which are comprehended the greater part of the frontier provinces; and, thirdly, those provinces which are said to be treated as foreign, or which, because they are allowed a free commerce with foreign countries, are in their commerce with the other provinces of France subjected to the same duties as other foreign countries. These are Alsace, the three bishoprics of Metz, Toul, and Verdun, and the three cities of Dunkirk, Bayonne, and Marseilles. Both in the provinces of the five great farms (called so on account of an ancient division of the duties of customs into five great branches, each of which was originally the subject of a particular farm, though they are now all united into one), and in those which are said to be reckoned foreign, there are many local duties which do not extend beyond a particular town or district. There are some such even in the provinces which are said to be treated as foreign, particularly in the city of Marseilles. It is unnecessary to observe how much, both the restraints upon the

interior commerce of the country, and the number of the revenue officers must be multiplied, in order to guard the frontiers of those different provinces and districts, which are subject to such different systems of taxation.

Over and above the general restraints arising from this complicated system of revenue laws, the commerce of wine, after corn perhaps the most important production of France, is in the greater part of the provinces subject to particular restraints, arising from the favor which has been shown to the vineyards of particular provinces and districts, above those of others. The provinces most famous for their wines, it will be found, I believe, are those in which the trade in that article is subject to the fewest restraints of this kind. The extensive market which such provinces enjoy, encourages good management both in the cultivation of their vineyards, and in the subsequent preparation of their wines.

Such various and complicated revenue laws are not peculiar to France. The little duchy of Milan is divided into six provinces, in each of which there is a different system of taxation with regard to several different sorts of consumable goods. The still smaller territories of the duke of Parma are divided into three or four, each of which has, in the same manner, a system of its own. Under such absurd management, nothing, but the great fertility of the soil and happiness of the climate, could preserve such countries from soon relapsing into the lowest state of poverty and barbarism.

Taxes upon consumable commodities may either be levied by an administration of which the officers are appointed by government and are immediately accountable to government, of which the revenue must in this case vary from year to year, according to the occasional variations in the produce of the tax; or they may be lett in farm for a rent certain, the farmer being allowed to appoint his own officers, who, though obliged to levy the tax in the manner directed by the law, are under his immediate inspection, and are immediately accountable to him. The best and most frugal way of levying a tax can never be by farm. Over and above what is necessary for paying the stipulated rent, the salaries of the officers, and the whole expense of administration, the farmer must always draw from the produce of the tax a certain profit proportioned at least to the advance which he makes, to the risk which he runs, to the trouble which he is at, and to the knowledge and skill which it requires to manage so very complicated a concern. Government, by establishing an administration under their own immediate inspection, of the same kind with that which the farmer establishes, might at least save this profit, which is almost always exorbitant. To form any considerable branch of the public revenue, requires either a great capital or a great credit; circumstances which would alone restrain the competition for such an undertaking to a very small number of people. Of the few who have this capital or credit, a still smaller number have the necessary knowledge or

experience ; another circumstance which restrains the competition still further. The very few, who are in condition to become competitors, find it more for their interest to combine together ; to become copartners instead of competitors, and when the farm is set up to auction ; to offer no rent, but what is much below the real value. In countries where the public revenues are in farm, the farmers are generally the most opulent people. Their wealth would alone excite the public indignation, and the vanity which almost always accompanies such upstart fortunes, the foolish ostentation with which they commonly display that wealth, excites that indignation still more.

The farmers of the public revenue never find the laws too severe, which punish any attempt to evade the payment of a tax. They have no bowels for the contributors, who are not their subjects, and whose universal bankruptcy, if it should happen the day after their farm is expired, would not much affect their interest. In the greatest exigencies of the state, when the anxiety of the sovereign for the exact payment of his revenue is necessarily the greatest, they seldom fail to complain that without laws more rigorous than those which actually take place, it will be impossible for them to pay even the usual rent. In those moments of public distress their demands cannot be disputed. The revenue laws, therefore, become gradually more and more severe. The most sanguinary are always to be found in countries where the greater part of the public revenue is in farm. The mildest, in

countries where it is levied under the immediate inspection of the sovereign. Even a bad sovereign feels more compassion for his people than can ever be expected from the farmers of his revenue. He knows that the permanent grandeur of his family depends upon the prosperity of his people, and he will never knowingly ruin that prosperity for the sake of any momentary interest of his own. It is otherwise with the farmers of his revenue, whose grandeur may frequently be the effect of the ruin, and not of the prosperity of his people.

A tax is, sometimes, not only farmed for a certain rent, but the farmer has, besides, the monopoly of the commodity taxed. In France, the duties upon tobacco and salt are levied in this manner. In such cases the farmer, instead of one, levies two exorbitant profits upon the people; the profit of the farmer, and the still more exorbitant one of the monopolist. Tobacco being a luxury, every man is allowed to buy or not to buy as he chuses. But salt being a necessary, every man is obliged to buy of the farmer a certain quantity of it; because, if he did not buy this quantity of the farmer, he would, it is presumed, buy it of some smuggler. The taxes upon both commodities are exorbitant. The temptation to smuggle consequently is to many people irresistible, while at the same time the rigor of the law, and the vigilance of the farmer's officers, render the yielding to that temptation almost certainly ruinous. The smuggling of salt and tobacco sends every year several



hundred people to the gallies, besides a very considerable number whom it sends to the gibbet. Those taxes levied in this manner yield a very considerable revenue to government. In 1767, the farm of tobacco was let for twenty-two millions five hundred and forty-one thousand two hundred and seventy-eight livres a year. That of salt, for thirty-six millions four hundred and ninety-two thousand four hundred and four livres. The farm, in both cases was to commence in 1768, and to last for six years. Those who consider the blood of the people as nothing in comparison with the revenue of the prince, may perhaps approve of this method of levying taxes. Similar taxes and monopolies of salt and tobacco have been established in many other countries; particularly in the Austrian and Prussian dominions, and in the greater part of the states of Italy.

In France, the greater part of the actual revenue of the crown is derived from eight different sources; the taille, the capitation, the two vingtièmes, the gabelles, the aides, the traites, the domaine, and the farm of tobacco. The five last are, in the greater part of the provinces, under farm. The three first are every where levied by an administration under the immediate inspection and direction of government; and it is universally acknowledged that, in proportion to what they take out of the pockets of the people, they bring more into the treasury of the prince than the other five, of which the administration is much more wasteful and expensive.

The finances of France seem, in their present state, to admit of three very obvious reformations. First, by abolishing the *taille* and the *capitation*; and by increasing the number of *vingtièmes*, so as to produce an additional revenue equal to the amount of those other taxes, the revenue of the crown might be preserved, the expense of collection might be much diminished; the vexation of the inferior ranks of people, which the *taille* and *capitation* occasion, might be entirely prevented; and the superior ranks might not be more burdened than the greater part of them are at present. The *vingtième*, I have already observed, is a tax very nearly of the same kind with what is called the land-tax of England. The burden of the *taille*, it is acknowledged, falls finally upon the proprietors of land; and as the greater part of the *capitation* is assessed upon those who are subject to the *taille* at so much a pound of that other tax, the final payment of the greater part of it must likewise fall upon the same order of people. Though the number of the *vingtièmes*, therefore, was increased so as to produce an additional revenue equal to the amount of both those taxes, the superior ranks of people might not be more burdened than they are at present. Many individuals no doubt would, on account of the great inequalities with which the *taille* is commonly assessed upon the estates and tenants of different individuals. The interest and opposition of such favored subjects are the obstacles most likely to prevent this or any other reformation of the same

### 300 THE NATURE AND CAUSES OF

kind. Secondly, by rendering the gabelle, the aides, the traites; the taxes upon tobacco, all the different customs and excises, uniform in all the different parts of the kingdom, those taxes might be levied at much less expense, and the interior commerce of the kingdom might be rendered as free as that of England. Thirdly, and lastly, by subjecting all those taxes to an administration under the immediate inspection and direction of government, the exorbitant profits of the farmers general might be added to the revenue of the state. The opposition arising from the private interest of individuals, is likely to be as effectual for preventing the two last as the first mentioned scheme of reformation.

The French system of taxation seems, in every respect, inferior to the British. In Great Britain ten millions sterling are annually levied upon less than eight millions of people, without its being possible to say that any particular order is oppressed. From the collections of the Abbé Expilly, and the observations of the author of the Essay upon the legislation and commerce of corn, it appears probable, that France, including the provinces of Lorraine and Bar, contains about twenty-three or twenty-four millions of people; three times the number perhaps contained in Great Britain. The soil and climate of France are better than those of Great Britain. The country has been much longer in a state of improvement and cultivation, and is, upon that account, better stocked with all those things which it requires a long time to raise up and

accumulate, such as great towns, and convenient and well-built houses, both in town and country. With these advantages it might be expected that in France a revenue of thirty millions might be levied for the support of the state, with as little inconveniency as a revenue of ten millions is in Great Britain. In 1765 and 1766, the whole revenue paid into the treasury of France, according to the best, though, I acknowledge, very imperfect, accounts which I could get of it, usually run between 308 and 325 millions of livres; that is, it did not amount to fifteen millions sterling; not the half of what might have been expected, had the people contributed in the same proportion to their numbers as the people of Great Britain. The people of France, however, it is generally acknowledged, are much more oppressed by taxes than the people of Great Britain. France, however, is certainly the great empire in Europe which, after that of Great Britain, enjoys the mildest and most indulgent government.

In Holland the heavy taxes upon the necessaries of life have ruined, it is said, their principal manufactures, and are likely to discourage gradually even their fisheries and their trade in ship-building. The taxes upon the necessaries of life are inconsiderable in Great Britain, and no manufacture has hitherto been ruined by them. The British taxes which bear hardest on manufactures are some duties upon the importation of raw materials, particularly upon that of raw silk. The revenue of the states

general and of the different cities, however, is said to amount to more than five millions two hundred and fifty thousand pounds sterling; and as the inhabitants of the United Provinces cannot well be supposed to amount to more than a third part of those of Great Britain, they must, in proportion to their number, be much more heavily taxed.

After all the proper subjects of taxation have been exhausted, if the exigencies of the state still continue to require new taxes, they must be imposed upon improper ones. The taxes upon the necessities of life, therefore, may be no impeachment of the wisdom of that republic, which, in order to acquire and to maintain its independency, has, in spite of its great frugality, been involved in such expensive wars as have obliged it to contract great debts. The singular countries of Holland and Zealand, besides, require a considerable expense even to preserve their existence, or to prevent their being swallowed up by the sea, which must have contributed to increase considerably the load of taxes in those two provinces. The republican form of government seems to be the principal support of the present grandeur of Holland. The owners of great capitals, the great mercantile families, have generally either some direct share, or some indirect influence in the administration of that government. For the sake of the respect and authority which they derive from this situation, they are willing to live in a country where their capital, if they employ it themselves, will bring

them less profit, and if they lend it to another, less interest; and where the very moderate revenue which they can draw from it will purchase less of the necessaries and conveniencies of life than in any other part of Europe. The residence of such wealthy people necessarily keeps alive, in spite of all disadvantages, a certain degree of industry in the country. Any public calamity which should destroy the republican form of government, which should throw the whole administration into the hands of nobles and offsoldiers, which should annihilate altogether the importance of those wealthy merchants, would soon render it disagreeable to them to live in a country where they were no longer likely to be much respected. They would remove both their residence and their capital to some other country, and the industry and commerce of Holland would soon follow the capitals which supported them.

### C H A P. III.

#### *Of public Debts.*

**I**N that rude state of society which precedes the extension of commerce and the improvement of manufacturers, when those expensive luxuries which commerce and manufactures can alone introduce, are altogether unknown, the person who possesses a large revenue, I have endeavoured to show in

the third book of this Inquiry, can spend or enjoy that revenue in no other way than by maintaining nearly as many people as it can maintain. A large revenue may at all times be said to consist in the command of a large quantity of the necessaries of life. In that rude state of things it is commonly paid in a large quantity of those necessaries, in the materials of plain food and coarse clothing, in corn and cattle, in wool and raw hides. When neither commerce nor manufactures furnish any thing for which the owner can exchange the greater part of those materials which are over and above his own consumption, he can do nothing with the surplus but feed and clothe nearly as many people as it will feed and clothe. A hospitality in which there is no luxury, and a liberality in which there is no ostentation, occasion, in this situation of things, the principal expenses of the rich and the great. But these, I have likewise endeavoured to show in the same book, are expenses by which people are not very apt to ruin themselves. There is not, perhaps, any selfish pleasure so frivolous, of which the pursuit has not sometimes ruined even sensible men. A passion for cock-fighting has ruined many. But the instances, I believe, are not very numerous of people who have been ruined by a hospitality or liberality of this kind; though the hospitality of luxury and the liberality of ostentation have ruined many. Among our feudal ancestors, the long time during which estates used to continue in the same family, sufficiently demonstrates the general disposition of people to live

to live within their income. Though the rustic hospitality, constantly exercised by the great landholders, may not, to us in the present times, seem consistent with that order, which we are apt to consider as inseparably connected with good œconomy, yet we must certainly allow them to have been at least so far frugal as not commonly to have spent their whole income. A part of their wool and raw hides they had generally an opportunity of selling for money. Some part of this money, perhaps, they spent in purchasing the few objects of vanity and luxury, with which the circumstances of the times could furnish them; but some part of it they seem commonly to have hoarded. They could not well indeed do any thing else but hoard whatever money they saved. To trade was disgraceful to a gentleman, and to lend money at interest, which at that time was considered as usury and prohibited by law, would have been still more so. In those times of violence and disorder, besides, it was convenient to have a hoard of money at hand, that in case they should be driven from their own home, they might have something of known value to carry with them to some place of safety. The same violence, which made it convenient to hoard, made it equally convenient to conceal the hoard. The frequency of treasure-trove, or of treasure found of which no owner was known, sufficiently demonstrates the frequency in those times both of hoarding and of concealing the hoard. Treasure-trove was then considered as an important branch



of the revenue of the sovereign. All the treasure-trove of the kingdom would scarce perhaps in the present times make an important branch of the revenue of a private gentlemen of a good estate.

The same disposition to save and to hoard prevailed in the sovereign, as well as in the subjects. Among nations to whom commerce and manufactures are little known, the sovereign, it has already been observed in the fourth book, is in a situation which naturally disposes him to the parsimony requisite for accumulation. In that situation the expense even of a sovereign cannot be directed by that vanity which delights in the gaudy finery of a court. The ignorance of the times affords but few of the trinkets in which that finery consists. Standing armies are not then necessary, so that the expense even of a sovereign, like that of any other great lord, can be employed in scarce any thing but bounty to his tenants, and hospitality to his retainers. But bounty and hospitality very seldom lead to extravagance; though vanity almost always does. All the ancient sovereigns of Europe accordingly, it has already been observed, had treasures. Every Tartar chief in the present times is said to have one.

In a commercial country abounding with every sort of expensive luxury, the sovereign, in the same manner as almost all the great proprietors in his dominions, naturally spends a great part of his revenue in purchasing those luxuries. His own and the neighbouring countries supply him abundantly with all the costly trinkets which

compose the splendid, but insignificant pageantry of a court. For the sake of an inferior pageantry of the same kind, his nobles dismiss their retainers, make their tenants independent, and become gradually themselves as insignificant as the greater part of the wealthy burghers in his dominions. The same frivolous passions, which influence their conduct, influence his. How can it be supposed that he should be the only rich man in his dominions who is insensible to pleasures of this kind? If he does not, what he is very likely to do, spend upon those pleasures so great a part of his revenue as to debilitate very much the defensive power of the state, it cannot well be expected that he should not spend upon them all that part of it which is over and above what is necessary for supporting that defensive power. His ordinary expense becomes equal to his ordinary revenue, and it is well if it does not frequently exceed it. The amassing of treasure can no longer be expected, and when extraordinary exigencies require extraordinary expenses, he must necessarily call upon his subjects for an extraordinary aid. The present and the late king of Prussia are the only great princes of Europe who, since the death of Henry IV. of France in 1610, are supposed to have amassed any considerable treasure. The parsimony which leads to accumulation has become almost as rare in republican as in monarchical governments. The Italian republics, the United Provinces of the Netherlands, are all in debt. The canton of Berne is the single republic

### 308 THE NATURE AND CAUSES OF

in Europe which has amassed any considerable treasure. The other Swiss republics have not. The taste for some sort of pageantry, for splendid buildings, at least, and other public ornaments, frequently prevails as much in the apparently sober senate-house of a little republic, as in the dissipated court of the greatest king.

The want of parsimony in time of peace, imposes the necessity of contracting debt in time of war. When war comes, there is no money in the treasury but what is necessary for carrying on the ordinary expense of the peace establishment. In war an establishment of three or four times that expense becomes necessary for the defence of the state, and consequently a revenue three or four times greater than the peace revenue. Supposing that the sovereign should have, what he scarce ever has, the immediate means of augmenting his revenue in proportion to the augmentation of his expense, yet still the produce of the taxes, from which this increase of revenue must be drawn, will not begin to come into the treasury till perhaps ten or twelve months after they are imposed. But the moment in which war begins, or rather the moment in which it appears likely to begin, the army must be augmented, the fleet must be fitted out, the garrisoned towns must be put into a posture of defence; that army, that fleet, those garrisoned towns must be furnished with arms, ammunition, and provisions. An immediate and great expense must be incurred in that moment of immediate danger, which will not wait for the

gradual and slow returns of the new taxes. In this exigency government can have no other resource but in borrowing.

The same commercial state of society which, by the operation of moral causes, brings government in this manner into the necessity of borrowing, produces in the subjects both an ability and an inclination to lend. If it commonly brings along with it the necessity of borrowing, it likewise brings along with it the facility of doing so.

A country abounding with merchants and manufacturers, necessarily abounds with a set of people through whose hands not only their own capitals, but the capitals of all those who either lend them money, or trust them with goods, pass as frequently, or more frequently, than the revenue of a private man, who, without trade or business, lives upon his income, passes through his hands. The revenue of such a man can regularly pass through his hands only once in a year. But the whole amount of the capital and credit of a merchant, who deals in a trade of which the returns are very quick, may sometimes pass through his hands two, three, or four times in a year. A country abounding with merchants and manufacturers, therefore, necessarily abounds with a set of people who have it at all times in their power to advance, if they chuse to do so, a very large sum of money to government. Hence the ability in the subjects of a commercial state to lend.

Commerce and manufactures can seldom flourish long in any state which does not enjoy a regular

### 310 THE NATURE AND CAUSES OF

administration of justice, in which the people do not feel themselves secure in the possession of their property, in which the faith of contracts is not supported by law, and in which the authority of the state is not supposed to be regularly employed in enforcing the payment of debts from all those who are able to pay. Commerce and manufactures, in short, can seldom flourish in any state in which there is not a certain degree of confidence in the justice of government. The same confidence which disposes great merchants and manufacturers, upon ordinary occasions, to trust their property to the protection of a particular government; disposes them, upon extraordinary occasions, to trust that government with the use of their property. By lending money to government, they do not even for a moment diminish their ability to carry on their trade and manufactures. On the contrary, they commonly augment it. The necessities of the state render government upon most occasions willing to borrow upon terms extremely advantageous to the lender. The security which it grants to the original creditor, is made transferable to any other creditor, and, from the universal confidence in the justice of the state, generally sells in the market for more than was originally paid for it. The merchant or monied man makes money by lending money to government, and instead of diminishing, increases his trading capital. He generally considers it as a favor, therefore, when the administration admits him to a share in the first subscription for a new loan.

Hence the inclination or willingness in the subjects of a commercial state to lend.

The government of such a state is very apt to repose itself upon this ability and willingness of its subjects to lend it their money on extraordinary occasions. It foresees the facility of borrowing, and therefore dispenses itself from the duty of saving.

In a rude state of society there are no great mercantile or manufacturing capitals. The individuals who hoard whatever money they can save, and who conceal their hoard, do so from a distrust of the justice of government, from a fear that if it was known that they had a hoard, and where that hoard was to be found, they would quickly be plundered. In such a state of things few people would be able, and nobody would be willing, to lend their money to government on extraordinary exigencies. The sovereign feels that he must provide for such exigencies by saving, because he foresees the absolute impossibility of borrowing. This foresight increases still further his natural disposition to save.

The progress of the enormous debts which at present oppress, and will in the long-run probably ruin, all the great nations of Europe, has been pretty uniform. Nations, like private men, have generally begun to borrow upon what may be called personal credit, without assigning or mortgaging any particular fund for the payment of the debt; and when this resource has failed

### 312 THE NATURE AND CAUSES OF

them, they have gone on to borrow upon assignments or mortgages of particular funds.

What is called the unfunded debt of Great Britain, is contracted in the former of those two ways. It consists partly in a debt which bears, or is supposed to bear, no interest, and which resembles the debts that a private man contracts upon account; and partly in a debt which bears interest, and which resembles what a private man contracts upon his bill or promissory note. The debts which are due either for extraordinary services, or for services either not provided for, or not paid at the time when they are performed; part of the extraordinaries of the army, navy, and ordnance, the arrears of subsidies to foreign princes, those of seamen's wages, &c. usually constitute a debt of the first kind. Navy and Exchequer bills, which are issued sometimes in payment of a part of such debts and sometimes for other purposes, constitute a debt of the second kind; Exchequer bills bearing interest from the day on which they are issued, and navy bills six months after they are issued. The bank of England, either by voluntarily discounting those bills at their current value, or by agreeing with government for certain considerations to circulate Exchequer bills, that is, to receive them at par, paying the interest which happens to be due upon them, keeps up their value and facilitates their circulation, and thereby frequently enables government to contract a very large debt of this kind. In France, where there is no bank, the state bills (*billets d'état*\*) have

\* See *Examen des Réflexions politiques sur les Finances*.

sometimes sold at sixty and seventy per cent. discount. During the great re-coining in king William's time, when the bank of England thought proper to put a stop to its usual transactions, Exchequer-bills and tallies are said to have sold from twenty-five to sixty per cent. discount; owing partly, no doubt, to the supposed instability of the new government established by the Revolution, but partly too to the want of the support of the bank of England.

When this resource is exhausted, and it becomes necessary, in order to raise money, to assign or mortgage some particular branch of the public revenue for the payment of the debt, government has upon different occasions done this in two different ways. Sometimes it has made this assignment or mortgage for a short period of time only, a year, or a few years, for example; and sometimes for perpetuity. In the one case the fund was supposed sufficient to pay, within the limited time, both principal and interest of the money borrowed. In the other it was supposed sufficient to pay the interest only, or a perpetual annuity equivalent to the interest, government being at liberty to redeem at any time this annuity, upon paying back the principal sum borrowed. When money was raised in the one way, it was said to be raised by anticipation; when in the other, by perpetual funding, or, more shortly, by funding.

In Great Britain the annual land and malt taxes are regularly anticipated every year, by virtue of a borrowing clause constantly inserted into the acts



which impose them. The bank of England generally advances at an interest, which since the Revolution has varied from eight to three per cent. the sums for which those taxes are granted, and receives payment as their produce gradually comes in. If there is a deficiency, which there always is, it is provided for in the supplies of the ensuing year. The only considerable branch of the public revenue which yet remains unmortgaged is thus regularly spent before it comes in. Like an improvident spendthrift, whose pressing occasions will not allow him to wait for the regular payment of his revenue, the state is in the constant practice of borrowing of its own factors and agents, and of paying interest for the use of its own money.

In the reign of king William, and during a great part of that of queen Anne, before we had become so familiar as we are now with the practice of perpetual funding, the greater part of the new taxes were imposed but for a short period of time (for four, five, six, or seven years only), and a great part of the grants of every year consisted in loans upon anticipations of the produce of those taxes. The produce being frequently insufficient for paying within the limited term the principal and interest of the money borrowed, deficiencies arose, to make good which it became necessary to prolong the term.

In 1697, by the 8th of William III. c. 20. the deficiencies of several taxes were charged upon what was then called the first general mortgage or fund, consisting of a prolongation to the first of

August 1706, of several different taxes, which would have expired within a shorter term, and of which the produce was accumulated into one general fund. The deficiencies charged upon this prolonged term amounted to 5,160,459 *l.* 14 *s.* 9 $\frac{1}{4}$  *d.*

In 1701 those duties, with some others, were still further prolonged for the like purposes till the first of August 1710, and were called the second general mortgage or fund. The deficiencies charged upon it amounted to 2,055,999 *l.* 7 *s.* 11 $\frac{1}{2}$  *d.*

In 1707, those duties were still further prolonged, as a fund for new loans, to the first of August 1712, and were called the third general mortgage or fund. The sum borrowed upon it was 983,254 *l.* 11 *s.* 9 $\frac{1}{4}$  *d.*

In 1708, those duties were all (except the old subsidy of tonnage and poundage, of which one moiety only was made a part of this fund, and a duty upon the importation of Scotch linen, which had been taken off by the articles of union) still further continued, as a fund for new loans, to the first of August 1714, and were called the fourth general mortgage or fund. The sum borrowed upon it was 925,176 *l.* 9 *s.* 1 $\frac{1}{4}$  *d.*

In 1709, those duties were all (except the old subsidy of tonnage and poundage, which was now left out of this fund altogether) still further continued for the same purpose to the first of August 1716, and were called the fifth general mortgage or fund. The sum borrowed upon it was 922,029 *l.* 6 *s.* 0 *d.*

### 316 THE NATURE AND CAUSES OF

In 1710, those duties were again prolonged to the first of August 1720, and were called the sixth general mortgage or fund. The sum borrowed upon it was 1,296,552 *l.* 9*s.* 11  $\frac{1}{3}$  *d.*

In 1711, the same duties (which at this time were thus subject to four different anticipations) together with several others were continued for ever, and made a fund for paying the interest of the capital of the South Sea company, which had that year advanced to government, for paying debts and making good deficiencies, the sum of 9,177,967 *l.* 15 *s.* 4 *d.*; the greatest loan which at that time had ever been made.

Before this period, the principal, so far as I have been able to observe, the only taxes which in order to pay the interest of a debt had been imposed for perpetuity, were those for paying the interest of the money which had been advanced to government by the Bank and East India company, and of what it was expected would be advanced, but which was never advanced, by a projected land bank. The bank fund at this time amounted to 3,375,027 *l.* 15 *s.* 10  $\frac{1}{2}$  *d.* for which was paid an annuity or interest of 206,501 *l.* 13 *s.* 5 *d.* The East India fund amounted to 3,200,000 *l.* for which was paid an annuity or interest of 160,000 *l.*, the bank fund being at six per cent., the East India fund at five per cent. interest.

In 1715, by the first of George I. c. 12. the different taxes which had been mortgaged for paying the bank annuity, together with several others which by this act were likewise rendered perpetual, were accumulated into one common fund

called The Aggregate Fund, which was charged, not only with the payments of the bank annuity, but with several other annuities and burdens of different kinds. This fund was afterwards augmented by the third of George I. c. 8. and by the fifth of George I. c. 3. and the different duties which were then added to it were likewise rendered perpetual.

In 1717, by the third of George I. c. 7. several other taxes were rendered perpetual, and accumulated into another common fund, called The General Fund, for the payment of certain annuities, amounting in the whole to 724,849 *l.* 6 *s.* 10½ *d.*

In consequence of those different acts, the greater part of the taxes which before had been anticipated only for a short term of years, were rendered perpetual as a fund for paying, not the capital, but the interest only, of the money which had been borrowed upon them by different successive anticipations.

Had money never been raised but by anticipation, the course of a few years would have liberated the public revenue, without any other attention of government besides that of not overloading the fund by charging it with more debts than it could pay within the limited term, and of not anticipating a second time before the expiration of the first anticipation. But the greater part of European governments have been incapable of those attentions. They have frequently overloaded the fund even upon the first anticipation; and when this happened not to be the case, they have generally taken care to overload it, by anticipating a

### 318 THE NATURE AND CAUSES OF

second and a third time before the expiration of the first anticipation. The fund becoming in this manner altogether insufficient for paying both principal and interest of the money borrowed upon it, it became necessary to charge it with the interest only, or a perpetual annuity equal to the interest, and such unprovident anticipations necessarily gave birth to the more ruinous practice of perpetual funding. But though this practice necessarily puts off the liberation of the public revenue from a fixed period to one so indefinite that it is not very likely ever to arrive; yet as a greater sum can in all cases be raised by this new practice than by the old one of anticipations, the former, when men have once become familiar with it, has in the great exigencies of the state been universally preferred to the latter. To relieve the present exigency is always the object which principally interests those immediately concerned in the administration of public affairs. The future liberation of the public revenue, they leave to the care of posterity.

During the reign of queen Anne, the market rate of interest had fallen from six to five per cent., and in the twelfth year of her reign five per cent. was declared to be the highest rate which could lawfully be taken for money borrowed upon private security. Soon after the greater part of the temporary taxes of Great Britain had been rendered perpetual, and distributed into the Aggregate, South Sea, and General Funds, the creditors of the public, like those of private

persons, were induced to accept of five per cent. for the interest of their money, which occasioned a saving of one per cent. upon the capital of the greater part of the debts which had been thus funded for perpetuity, or of one - sixth of the greater part of the annuities which were paid out of the three great funds above mentioned. This saving left a considerable surplus in the produce of the different taxes which had been accumulated into those funds, over and above what was necessary for paying the annuities which were now charged upon them, and laid the foundation of what has since been called the Sinking Fund. In 1717, it amounted to 323,434  $l.$  7  $s.$  7  $\frac{1}{2}$   $d.$  In 1727, the interest of the greater part of the public debts was still further reduced to four per cent.; and in 1753 and 1757, to three and a half and three per cent.; which reductions still further augmented the sinking fund.

A sinking fund, though instituted for the payment of old, facilitates very much the contracting of new debts. It is a subsidiary fund always at hand to be mortgaged in aid of any other doubtful fund, upon which money is proposed to be raised in any exigency of the state. Whether the sinking fund of Great Britain has been more frequently applied to the one or to the other of those two purposes, will sufficiently appear by and by.

Besides those two methods of borrowing, by anticipations and by perpetual funding, there are two other methods, which hold a sort of middle

place between them. These are, that of borrowing upon annuities for terms of years, and that of borrowing upon annuities for lives.

During the reigns of king William and queen Anne, large sums were frequently borrowed upon annuities for terms of years, which were sometimes longer and sometimes shorter. In 1693, an act was passed for borrowing one million upon an annuity of fourteen per cent., or of 140,000 *l.* a year for sixteen years. In 1691, an act was passed for borrowing a million upon annuities for lives, upon terms which in the present times would appear very advantageous. But the subscription was not filled up. In the following year the deficiency was made good by borrowing upon annuities for lives at fourteen per cent., or at little more than seven years purchase. In 1695, the persons who had purchased those annuities were allowed to exchange them for others of ninety-six years, upon paying into the Exchequer sixty-three pounds in the hundred; that is, the difference between fourteen per cent. for life, and fourteen per cent. for ninety-six years, was sold for sixty-three pounds, or for four and a half years purchase. Such was the supposed instability of government, that even these terms procured few purchasers. In the reign of queen Anne, money was upon different occasions borrowed both upon annuities for lives, and upon annuities for terms of thirty-two, of eighty-nine, of ninety-eight, and of ninety-nine years. In 1719, the proprietors of  
the

the annuities for thirty-two years were induced to accept in lieu of them South Sea stock to the amount of eleven and a half years purchase of the annuities, together with an additional quantity of stock equal to the arrears which happened then to be due upon them. In 1720, the greater part of the other annuities for terms of years both long and short were subscribed into the same fund. The long annuities at that time amounted to 666,821 *l.* 8 *s.* 3½ *d.* a year. On the 5th of January, 1775, the remainder of them, or what was not subscribed at that time, amounted only to 136,453 *l.* 12 *s.* 8 *d.*

During the two wars which begun in 1739 and in 1755, little money was borrowed either upon annuities for terms of years, or upon those for lives. An annuity for ninety-eight or ninety-nine years, however, is worth nearly as much money as a perpetuity, and should, therefore, one might think, be a fund for borrowing nearly as much. But those who, in order to make family settlements, and to provide for remote futurity, buy into the public stocks, would not care to purchase into one of which the value was continually diminishing; and such people make a very considerable proportion both of the proprietors and purchasers of stock. An annuity for a long term of years, therefore, though its intrinsic value may be very nearly the same with that of a perpetual annuity, will not find nearly the same number of purchasers. The subscribers to a new loan, who mean generally to sell their subscription as soon as possible,



prefer greatly a perpetual annuity redeemable by parliament, to an irredeemable annuity for a long term of years of only equal amount. The value of the former may be supposed always the same, or very nearly the same; and it makes, therefore, a more convenient transferable stock than the latter.

During the two last mentioned wars, annuities, either for terms of years or for lives, were seldom granted but as premiums to the subscribers to a new loan, over and above the redeemable annuity or interest upon the credit of which the loan was supposed to be made. They were granted, not as the proper fund upon which the money was borrowed; but as an additional encouragement to the lender.

Annuities for lives have occasionally been granted in two different ways; either upon separate lives, or upon lots of lives, which in French are called Tontines, from the name of their inventor. When annuities are granted upon separate lives, the death of every individual annuitant disburdens the public revenue so far as it was affected by his annuity. When annuities are granted upon tontines, the liberation of the public revenue does not commence till the death of all the annuitants comprehended in one lot, which may sometimes consist of twenty or thirty persons, of whom the survivors succeed to the annuities of all those who die before them; the last survivor succeeding to the annuities of the whole lot. Upon the same revenue more money can always be raised by tontines than

by annuities for separate lives. An annuity, with a right of survivorship, is really worth more than an equal annuity for a separate life, and from the confidence which every man naturally has in his own good fortune, the principle upon which is founded the success of all lotteries, such an annuity generally sells for something more than it is worth. In countries where it is usual for government to raise money by granting annuities, *tondines* are upon this account generally preferred to annuities for separate lives. The expedient which will raise most money, is almost always preferred to that which is likely to bring about in the speediest manner the liberation of the public revenue.

In France a much greater proportion of the public debts consists in annuities for lives than in England. According to a memoir presented by the parliament of Bourdeaux to the king in 1764, the whole public debt of France is estimated at twenty-four hundred millions of livres; of which the capital for which annuities for lives had been granted, is supposed to amount to three hundred millions, the eighth-part of the whole public debt. The annuities themselves are computed to amount to thirty millions a year, the fourth part of one hundred and twenty millions, the supposed interest of that whole debt. These estimations, I know very well, are not exact, but having been presented by so very respectable a body as approximations to the truth, they may, I apprehend, be considered as such. It is not the different degrees of anxiety

## 324 THE NATURE AND CAUSES OF

in the two governments of France and England for the liberation of the public revenue, which occasions this difference in their respective modes of borrowing. It arises altogether from the different views and interests of the lenders.

In England, the seat of government being in the greatest mercantile city in the world, the merchants are generally the people who advance money to government. By advancing it they do not mean to diminish, but, on the contrary, to increase their mercantile capitals; and unless they expected to sell with some profit their share in the subscription for a new loan, they never would subscribe. But if by advancing their money they were to purchase, instead of perpetual annuities, annuities for lives only, whether their own or those of other people, they would not always be so likely to sell them with a profit. Annuities upon their own lives they would always sell with loss; because no man will give for an annuity upon the life of another, whose age and state of health are nearly the same with his own, the same price which he would give for one upon his own. An annuity upon the life of a third person, indeed, is no doubt, of equal value to the buyer and the seller; but its real value begins to diminish from the moment it is granted, and continues to do so more and more as long as it subsists. It can never, therefore, make so convenient a transferable stock as a perpetual annuity, of which the real value may be supposed always the same, or very nearly the same.

In France, the seat of government not being in a great mercantile city, merchants do not make so great a proportion of the people who advance money to government. The people concerned in the finances, the farmers general, the receivers of the taxes which are not in farm, the court bankers, &c. make the greater part of those who advance their money in all public exigencies. Such people are commonly men of mean birth, but of great wealth, and frequently of great pride. They are too proud to marry their equals, and women of quality disdain to marry them. They frequently resolve, therefore, to live bachelors, and having neither any families of their own, nor much regard for those of their relations, whom they are not always very fond of acknowledging, they desire only to live in splendor during their own time, and are not unwilling that their fortune should end with themselves. The number of rich people, besides, who are either averse to marry, or whose condition of life renders it either improper or inconvenient for them to do so, is much greater in France than in England. To such people, who have little or no care for posterity, nothing can be more convenient than to exchange their capital for a revenue, which is to last just as long, and no longer than they wish it to do.

The ordinary expense of the greater part of modern governments in time of peace being equal or nearly equal to their ordinary revenue, when war comes, they are both unwilling and unable to increase their revenue in proportion

## 326 THE NATURE AND CAUSES OF

to the increase of their expense. They are unwilling, for fear of offending the people, who by so great and so sudden an increase of taxes, would soon be disgusted with the war; and they are unable, from not well knowing what taxes would be sufficient to produce the revenue wanted. The facility of borrowing delivers them from the embarrassment which this fear and inability would otherwise occasion. By means of borrowing they are enabled, with a very moderate increase of taxes, to raise, from year to year, money sufficient for carrying on the war, and by the practice of perpetual funding they are enabled, with the smallest possible increase of taxes, to raise annually the largest possible sum of money. In great empires the people who live in the capital, and in the provinces remote from the scene of action, feel, many of them, scarce any inconveniency from the war; but enjoy, at their ease, the amusement of reading in the newspapers the exploits of their own fleets and armies. To them this amusement compensates the small difference between the taxes which they pay on account of the war, and those which they had been accustomed to pay in time of peace. They are commonly dissatisfied with the return of peace, which puts an end to their amusement, and to a thousand visionary hopes of conquest and national glory, from a longer continuance of the war.

The return of peace, indeed, seldom relieves them from the greater part of the taxes imposed during the war. These are mortgaged for the

interest of the debt contracted in order to carry it on. If, over and above paying the interest of this debt, and defraying the ordinary expense of government, the old revenue, together with the new taxes, produce some surplus revenue, it may perhaps be converted into a sinking fund for paying off the debt. But, in the first place, this sinking fund, even supposing it should be applied to no other purpose, is generally altogether inadequate for paying, in the course of any period during which it can reasonably be expected that peace should continue, the whole debt contracted during the war; and, in the second place, this fund is almost always applied to other purposes.

The new taxes were imposed for the sole purpose of paying the interest of the money borrowed upon them. If they produce more, it is generally something which was neither intended nor expected, and is therefore seldom very considerable. Sinking funds have generally arisen, not so much from any surplus of the taxes which was over and above what was necessary for paying the interest or annuity originally charged upon them, as from a subsequent reduction of that interest. That of Holland in 1655, and that of the ecclesiastical state in 1685, were both formed in this manner. Hence the usual insufficiency of such funds.

During the most profound peace, various events occur which require an extraordinary expense, and government finds it always more convenient to defray this expense by misapplying

## 328 THE NATURE AND CAUSES OF

the sinking fund than by imposing a new tax. Every new tax is immediately felt more or less by the people. It occasions always some murmur, and meets with some opposition. The more taxes may have been multiplied, the higher they may have been raised upon every different subject of taxation; the more loudly the people complain of every new tax, the more difficult it becomes too either to find out new subjects of taxation, or to raise much higher the taxes already imposed upon the old. A momentary suspension of the payment of debt is not immediately felt by the people, and occasions neither murmur nor complaint. To borrow of the sinking fund is always an obvious and easy expedient for getting out of the present difficulty. The more the public debts may have been accumulated, the more necessary it may have become to study to reduce them, the more dangerous, the more ruinous it may be to misapply any part of the sinking fund; the less likely is the public debt to be reduced to any considerable degree, the more likely, the more certainly is the sinking fund to be misapplied towards defraying all the extraordinary expenses which occur in time of peace. When a nation is already overburdened with taxes, nothing but the necessities of a new war, nothing but either the animosity of national vengeance, or the anxiety for national security, can induce the people to submit, with tolerable patience, to a new tax. Hence the usual misapplication of the sinking fund.

In Great Britain, from the time that we had first recourse to the ruinous expedient of perpetual funding, the reduction of the public debt in time of peace, has never borne any proportion to its accumulation in time of war. It was in the war which began in 1688, and was concluded by the treaty of Ryfwick in 1697, that the foundation of the present enormous debt of Great Britain was first laid.

On the 31st of December 1697, the public debts of Great Britain, funded and unfunded, amounted to 21,515,742*l.* 13*s.* 8½*d.* A great part of those debts had been contracted upon short anticipations, and some part upon annuities for lives; so that before the 31st of December 1701, in less than four years, there had partly been paid off, and partly reverted to the public, the sum of 5,121,041*l.* 12*s.* 0¾*d.*; a greater reduction of the public debt than has ever since been brought about in so short a period of time. The remaining debt, therefore, amounted only to 16,394,701*l.* 1*s.* 7¼*d.*

In the war which began in 1702, and which was concluded by the treaty of Utrecht, the public debts were still more accumulated. On the 31st of December 1714, they amounted to 53,681,076*l.* 5*s.* 6½*d.* The subscription into the South Sea fund of the short and long annuities increased the capital of the public debts, so that on the 31st of December 1722, it amounted to 55,282,978*l.* 1*s.* 3½*d.* The reduction of the debt began in 1723, and went on so slowly that, on the 31st of December 1739,



### 336 THE NATURE AND CAUSES OF

during seventeen years of profound peace, the whole sum paid off was no more than 8,328,354*l.* 17*s.* 11 $\frac{3}{12}$ *d.* the capital of the public debt at that time amounting to 46,954,623*l.* 2*s.* 4 $\frac{7}{12}$ *d.*

The Spanish war, which began in 1739, and the French war which soon followed it, occasioned a further increase of the debt, which, on the 31st of December 1748, after the war had been concluded by the treaty of Aix la Chapelle, amounted to 78,293,313*l.* 1*s.* 10 $\frac{3}{4}$ *d.* The most profound peace of seventeen years continuance had taken no more than 8,328,354*l.* 17*s.* 11 $\frac{3}{12}$ *d.* from it. A war of less than nine years continuance added 31,338,689*l.* 18*s.* 6 $\frac{1}{2}$ *d.* to it\*.

During the administration of Mr. Pelham, the interest of the public debt was reduced, or at least measures were taken for reducing it, from four to three per cent.; the sinking fund was increased, and some part of the public debt was paid off. In 1755, before the breaking out of the late war, the funded debt of Great Britain amounted to 72,289,673*l.* On the 5th of January 1763, at the conclusion of the peace, the funded debt amounted to 122,603,336*l.* 8*s.* 2 $\frac{1}{4}$ *d.* The unfunded debt has been stated at 13,927,589*l.* 2*s.* 2*d.* But the expense occasioned by the war did not end with the conclusion of the peace; so that though, on the 5th of January 1764, the funded debt was increased (partly by a new loan, and partly by funding a part of the unfunded debt) to 129,586,789*l.*

\* See James Fortlethwaite's history of the public revenue.

10*s.* 1½*d.* there still remained (according to the very well informed author of the *Considerations on the trade and finances of Great Britain*) an unfunded debt which was brought to account in that and the following year, of 9,975,017*l.* 12*s.* 2¼*d.* In 1764, therefore, the public debt of Great Britain, funded and unfunded together, amounted, according to this author, to 139,516,807*l.* 2*s.* 4*d.* The annuities for lives too, which had been granted as premiums to the subscribers to the new loans in 1757, estimated at fourteen years purchase, were valued at 472,500*l.*; and the annuities for long terms of years, granted as premiums likewise, in 1761, and 1762, estimated at 27½ years purchase, were valued at 6,826,875*l.* During a peace of about seven years continuance, the prudent and truly patriot administration of M. Pelham, was not able to pay off an old debt of six millions. During a war of nearly the same continuance, a new debt of more than seventy-five millions was contracted.

On the 5th of January 1775, the funded debt of Great Britain amounted to 124,996,086*l.* 1*s.* 6½*d.* The unfunded, exclusive of a large civil list debt, to 4,156,236*l.* 3*s.* 11½*d.* Both together, to 129,146,322*l.* 5*s.* 6*d.* According to this account the whole debt paid off during eleven years profound peace amounted only to 10,415,474*l.* 16*s.* 9½*d.* Even this small reduction of debt, however, has not been all made from the savings out of the ordinary revenue of the state. Several extraneous sums,

### 332 THE NATURE AND CAUSES OF

altogether independent of that ordinary revenue, have contributed towards it. Amongst these we may reckon an additional shilling in the pound land-tax for three years; the two millions received from the East-India Company, as indemnification for their territorial acquisitions; and the one hundred and ten thousand pounds received from the bank for the renewal of their charter. To these must be added several other sums which, as they arose out of the late war, ought perhaps to be considered as deductions from the expenses of it. The principal are,

	<i>l.</i>	<i>s.</i>	<i>d.</i>
The produce of French prizes	690,449	18	9
Composition for French prisoners	670,000	0	0
What has been received from the sale of the ceded islands	95,500	0	0
Total,	1,455,949,	18	9

If we add to this sum the balance of the earl of Chatham's and Mr. Calcraft's accounts, and other army savings of the same kind, together with what has been received from the bank, the East-India company, and the additional shilling in the pound land-tax; the whole must be a good deal more than five millions. The debt, therefore, which since the peace has been paid out of the savings from the ordinary revenue of the state, has not, one year with another, amounted to half a million a year. The sinking fund has, no doubt, been considerably augmented since the peace, by the debt which has been paid off, by the reduction of the redeemable four

per cents. to three per cents, and by the annuities for lives which have fallen in, and, if peace were to continue, a million, perhaps, might now be annually spared out of it towards the discharge of the debt. Another million, accordingly, was paid in the course of last year; but, at the same time, a large civil list debt was left unpaid, and we are now involved in a new war which, in its progress, may prove as expensive as any of our former wars\*. The new debt which will probably be contracted before the end of the next campaign, may perhaps be nearly equal to all the old debt which has been paid off from the savings out of the ordinary revenue of the state. It would be altogether chimerical, therefore, to expect that the public debt should ever be completely discharged by any savings which are likely to be made from that ordinary revenue as it stands at present.

The public funds of the different indebted nations of Europe, particularly those of England, have by one author been represented as the accumulation of a great capital superadded to the other capital of the country, by means of which its trade is extended, its manufactures multiplied, and its lands cultivated and improved

\* It has proved more expensive than any of our former wars; and has involved us in an additional debt of more than one hundred millions. During a profound peace of eleven years, little more than ten millions of debt was paid; during a war of seven years, more than one hundred millions was contracted.

much beyond what they could have been by means of that other capital only. He does not consider that the capital which the first creditors of the public advanced to government, was from the moment in which they advanced it, a certain portion of the annual produce turned away from serving in the function of a capital, to serve in that of a revenue; from maintaining productive laborers to maintain unproductive ones, and to be spent and wasted, generally in the course of the year, without even the hope of any future reproduction. In return for the capital which they advanced they obtained, indeed, an annuity in the public funds in most cases of more than equal value. This annuity, no doubt, replaced to them their capital, and enabled them to carry on their trade and business to the same or perhaps to a greater extent than before; that is, they were enabled either to borrow of other people a new capital upon the credit of this annuity, or by selling it to get from other people a new capital of their own, equal or superior to that which they had advanced to government. This new capital, however, which they in this manner either bought or borrowed of other people, must have existed in the country before, and must have been employed, as all capitals are, in maintaining productive labor. When it came into the hands of those who had advanced their money to government, though it was in some respects a new capital to them, it was not so to the country, but was only a capital withdrawn from certain

employments in order to be turned towards others. Though it replaced to them what they had advanced to government, it did not replace it to the country. Had they not advanced this capital to government, there would have been in the country two capitals, two portions of the annual produce, instead of one, employed in maintaining productive labor.

When for defraying the expense of government a revenue is raised within the year from the produce of free or unmortgaged taxes, a certain portion of the revenue of private people is only turned away from maintaining one species of unproductive labor, towards maintaining another. Some part of what they pay in those taxes might no doubt have been accumulated into capital, and consequently employed in maintaining productive labor; but the greater part would probably have been spent and consequently employed in maintaining unproductive labor. The public expense, however, when defrayed in this manner, no doubt hinders more or less the further accumulation of new capital; but it does not necessarily occasion the destruction of any actually existing capital.

When the public expense is defrayed by funding, it is defrayed by the annual destruction of some capital which had before existed in the country; by the perversion of some portion of the annual produce which had before been destined for the maintenance of productive labor, towards that of unproductive labor. As in this case, however, the taxes are lighter than

they would have been, had a revenue sufficient for defraying the same expense been raised within the year; the private revenue of individuals is necessarily less burdened, and consequently their ability to save and accumulate some part of that revenue into capital is a good deal less impaired. If the method of funding destroy more old capital, it at the same time hinders less the accumulation or acquisition of new capital, than that of defraying the public expense by a revenue raised within the year. Under the system of funding, the frugality and industry of private people can more easily repair the breaches which the waste and extravagance of government may occasionally make in the general capital of the society.

It is only during the continuance of war, however, that the system of funding has this advantage over the other system. Were the expense of war to be defrayed always by a revenue raised within the year, the taxes from which that extraordinary revenue was drawn would last no longer than the war. The ability of private people to accumulate, though less during the war, would have been greater during the peace than under the system of funding. War would not necessarily have occasioned the destruction of any old capitals, and peace would have occasioned the accumulation of many more new. Wars would in general be more speedily concluded; and less wantonly undertaken. The people feeling, during the continuance of the war, the complete burden of it, would soon grow weary of it, and

and government, in order to humor them, would not be under the necessity of carrying it on longer than it was necessary to do so. The foresight of the heavy and unavoidable burdens of war would hinder the people from wantonly calling for it when there was no real or solid interest to fight for. The seasons during which the ability of private people to accumulate was somewhat impaired, would occur more rarely, and be of shorter continuance. Those on the contrary, during which that ability was in the highest vigor, would be of much longer duration than they can well be under the system of funding.

When funding, besides, has made a certain progress, the multiplication of taxes which it brings along with it sometimes impairs as much the ability of private people to accumulate even in time of peace, as the other system would in time of war. The peace revenue of Great Britain amounts at present to more than ten millions a year. If free and unmortgaged, it might be sufficient, with proper management and without contracting a shilling of new debt, to carry on the most vigorous war. The private revenue of the inhabitants of Great Britain is at present as much encumbered in time of peace, their ability to accumulate is as much impaired as it would have been in the time of the most expensive war, had the pernicious system of funding never been adopted.

In the payment of the interest of the public debt, it has been said, it is the right hand which pays the left. The money does not go out of



the country. It is only a part of the revenue of one set of the inhabitants which is transferred to another; and the nation is not a farthing the poorer. This apology is founded altogether in the sophistry of the mercantile system, and after the long examination which I have already bestowed upon that system, it may perhaps be unnecessary to say any thing further about it. It supposes, besides, that the whole public debt is owing to the inhabitants of the country, which happens not to be true; the Dutch, as well as several other foreign nations, having a very considerable share in our public funds. But though the whole debt were owing to the inhabitants of the country, it would not upon that account be less pernicious.

Land and capital stock are the two original sources of all revenue both private and public. Capital stock pays the wages of productive labor, whether employed in agriculture, manufactures, or commerce. The management of those two original sources of revenue belongs to two different sets of people; the proprietors of land, and the owners or employers of capital stock.

The proprietor of land is interested for the sake of his own revenue to keep his estate in as good condition as he can, by building and repairing his tenants' houses, by making and maintaining the necessary drains and enclosures, and all those other expensive improvements which it properly belongs to the landlord to make and maintain. But by different land-taxes the revenue of the landlord may be so much diminished; and

by different duties upon the necessities and conveniencies of life, that diminished revenue may be rendered of so little real value, that he may find himself altogether unable to make or maintain those expensive improvements. When the landlord, however, ceases to do his part, it is altogether impossible that the tenant should continue to do his. As the distress of the landlord increases, the agriculture of the country must necessarily decline.

When, by different taxes upon the necessities and conveniencies of life, the owners and employers of capital stock find, that whatever revenue they derive from it, will not, in a particular country, purchase the same quantity of those necessities and conveniencies which an equal revenue would in almost any other, they will be disposed to remove to some other. And when, in order to raise those taxes, all or the greater part of merchants and manufacturers, that is, all or the greater part of the employers of great capitals, come to be continually exposed to the mortifying and vexatious visits of the tax-gatherers, this disposition to remove will soon be changed into an actual removal. The industry of the country will necessarily fall with the removal of the capital which supported it, and the ruin of trade and manufactures will follow the declension of agriculture.

To transfer from the owners of those two great sources of revenue, land and capital stock, from the persons immediately interested in the good

condition of every particular portion of land, and in the good management of every particular portion of capital stock, to another set of persons (the creditors of the public, who have no such particular interest), the greater part of the revenue arising from either, must, in the long-run, occasion both the neglect of land, and the waste or removal of capital stock. A creditor of the public has no doubt a general interest in the prosperity of the agriculture, manufactures, and commerce of the country; and consequently in the good condition of its lands, and in the good management of its capital stock. Should there be any general failure or declension in any of these things, the produce of the different taxes might no longer be sufficient to pay him the annuity or interest which is due to him. But a creditor of the public, considered merely as such, has no interest in the good condition of any particular portion of land, or in the good management of any particular portion of capital stock. As a creditor of the public he has no knowledge of any such particular portion. He has no inspection of it. He can have no care about it. Its ruin may in some cases be unknown to him, and cannot directly affect him.

The practice of funding has gradually enfeebled every state which has adopted it. The Italian republics seem to have begun it. Genoa and Venice, the only two remaining which can pretend to an independent existence, have both been enfeebled by it. Spain seems to have learned the practice from the Italian republics,

and (its taxes being probably less judicious than theirs) it has, in proportion to its natural strength, been still more enfeebled. The debts of Spain are of very old standing. It was deeply in debt before the end of the sixteenth century, about a hundred years before England owed a shilling. France, notwithstanding all its natural resources, languishes under an oppressive load of the same kind. The republic of the United Provinces is as much enfeebled by its debts as either Genoa or Venice. Is it likely that in Great Britain alone a practice, which has brought either weakness or desolation into every other country, should prove altogether innocent?

The system of taxation established in those different countries, it may be said, is inferior to that of England. I believe it is so. But it ought to be remembered, that when the wisest government has exhausted all the proper subjects of taxation, it must, in cases of urgent necessity, have recourse to improper ones. The wise republic of Holland has upon some occasions been obliged to have recourse to taxes as inconvenient as the greater part of those of Spain. Another war begun before any considerable liberation of the public revenue had been brought about, and growing in its progress as expensive as the last war, may, from irresistible necessity, render the British system of taxation as oppressive as that of Holland, or even as that of Spain. To the honor of our present system of taxation, indeed, it has hitherto given so little embarrassment to industry, that, during the course even of the most expensive

wars, the frugality and good conduct of individuals seem to have been able, by saving and accumulation, to repair all the breaches which the waste and extravagance of government had made in the general capital of the society. At the conclusion of the late war, the most expensive that Great Britain ever waged, her agriculture was as flourishing, her manufactures as numerous and as fully employed, and her commerce as extensive, as they had ever been before. The capital, therefore, which supported all those different branches of industry, must have been equal to what it had ever been before. Since the peace, agriculture has been still further improved, the rents of houses have risen in every town and village of the country, a proof of the increasing wealth and revenue of the people; and the annual amount of the greater part of the old taxes, of the principal branches of the excise and customs in particular, has been continually increasing, an equally clear proof of an increasing consumption, and consequently of an increasing produce, which could alone support that consumption. Great Britain seems to support with ease, a burden which, half a century ago, nobody believed her capable of supporting. Let us not, however, upon this account rashly conclude that she is capable of supporting any burden; nor even be too confident that she could support, without great distress, a burden a little greater than what has already been laid upon her.

When national debts have once been accumulated to a certain degree, there is scarce, I believe, a single instance of their having been fairly and completely paid. The liberation of the public revenue, if it has ever been brought about at all, has always been brought about by a bankruptcy; sometimes by an avowed one, but always by a real one, though frequently by a pretended payment.

The raising of the denomination of the coin has been the most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment. If a sixpence, for example, should either by act of parliament or royal proclamation be raised to the denomination of a shilling, and twenty sixpences to that of a pound sterling; the person who under the old denomination had borrowed twenty shillings, or near four ounces of silver, would, under the new, pay with twenty sixpences, or with something less than two ounces. A national debt of about a hundred and twenty-eight millions, nearly the capital of the funded and unfunded debt of Great Britain, might in this manner be paid with about sixty-four millions of our present money. It would indeed be a pretended payment only, and the creditors of the public would really be defrauded of ten shillings in the pound of what was due to them. The calamity too would extend much further than to the creditors of the public, and those of every private person would suffer a proportionable loss; and this without any advantage, but

## 344 THE NATURE AND CAUSES OF

in most cases with a great additional loss, to the creditors of the public. If the creditors of the public indeed were generally much in debt to other people, they might in some measure compensate their loss by paying their creditors in the same coin in which the public had paid them. But in most countries the creditors of the public are, the greater part of them, wealthy people, who stand more in the relation of creditors than in that of debtors towards the rest of their fellow-citizens. A pretended payment of this kind, therefore, instead of alleviating, aggravates in most cases the loss of the creditors of the public; and without any advantage to the public, extends the calamity to a great number of other innocent people. It occasions a general and most pernicious subversion of the fortunes of private people; enriching in most cases the idle and profuse debtor at the expense of the industrious and frugal creditor, and transporting a great part of the national capital from the hands which were likely to increase and improve it, to those which are likely to dissipate and destroy it. When it becomes necessary for a state to declare itself bankrupt, in the same manner as when it becomes necessary for an individual to do so, a fair, open, and avowed bankruptcy is always the measure which is both least dishonorable to the debtor, and least hurtful to the creditor. The honor of a state is surely very poorly provided for, when, in order to cover the disgrace of a real bankruptcy, it has recourse to a juggling trick of this kind, so easily seen

through, and at the same time so extremely pernicious.

Almost all states, however, ancient as well as modern; when reduced to this necessity, have, upon some occasions, played this very juggling trick. The Romans, at the end of the first Punic war, reduced the *As*, the coin or denomination by which they computed the value of all their other coins, from containing twelve ounces of copper to contain only two ounces; that is, they raised two ounces of copper to a denomination which had always before expressed the value of twelve ounces. The republic was, in this manner, enabled to pay the great debts which it had contracted with the sixth part of what it really owed. So sudden and so great a bankruptcy, we should in the present times be apt to imagine, must have occasioned a very violent popular clamor. It does not appear to have occasioned any. The law which enacted it was, like all other laws relating to the coin, introduced and carried through the assembly of the people by a tribune, and was probably a very popular law. In Rome, as in all the other ancient republics, the poor people were constantly in debt to the rich and the great, who, in order to secure their votes at the annual elections, used to lend them money at exorbitant interest, which, being never paid, soon accumulated into a sum too great either for the debtor to pay, or for any body else to pay for him. The debtor, for fear of a very severe execution, was obliged, without any further



gratuity, to vote for the candidate whom the creditor recommended. In spite of all the laws against bribery and corruption, the bounty of the candidates, together with the occasional distributions of corn, which were ordered by the senate, were the principal funds from which, during the latter times of the Roman republic, the poorer citizens derived their subsistence. To deliver themselves from this subjection to their creditors, the poorer citizens were continually calling out either for an entire abolition of debts, or for what they called New tables; that is, for a law which should entitle them to a complete acquittance, upon paying only a certain proportion of their accumulated debts. The law which reduced the coin of all denominations to a sixth part of its former value, as it enabled them to pay their debts with a sixth part of what they really owed, was equivalent to the most advantageous new tables. In order to satisfy the people, the rich and the great were, upon several different occasions, obliged to consent to laws both for abolishing debts, and for introducing new tables; and they probably were induced to consent to this law, partly for the same reason, and partly that, by liberating the public revenue, they might restore vigor to that government of which they themselves had the principal direction. An operation of this kind would at once reduce a debt of a hundred and twenty-eight millions to twenty-one millions three hundred and thirty-three thousand three hundred and thirty-three pounds, six shillings and eight-pence.

In the course of the second Punic war the As was still further reduced, first, from two ounces of copper to one ounce; and afterwards from one ounce to half an ounce; that is, to the twenty-fourth part of its original value. By combining the three Roman operations into one, a debt of a hundred and twenty-eight millions of our present money, might in this manner be reduced all at once to a debt of five millions three hundred and thirty-three thousand three hundred and thirty-three pounds six shillings and eight-pence. Even the enormous debt of Great Britain might in this manner soon be paid.

By means of such expedients the coin of, I believe, all nations has been gradually reduced more and more below its original value, and the same nominal sum has been gradually brought to contain a smaller and a smaller quantity of silver.

Nations have sometimes, for the same purpose, adulterated the standard of their coin; that is, have mixed a greater quantity of alloy in it. If in the pound weight of our silver coin, for example, instead of eighteen penny-weight, according to the present standard, there was mixed eight ounces of alloy; a pound sterling, or twenty shillings of such coin, would be worth little more than six shillings and eight-pence of our present money. The quantity of silver contained in six shillings and eight-pence of our present money, would thus be raised very nearly to the denomination of a pound sterling. The adulteration of the standard has exactly the same effect with what the French call an

### 348 THE NATURE AND CAUSES OF

augmentation, or a direct raising of the denomination of the coin.

An augmentation, or a direct raising of the denomination of the coin, always is, and from its nature must be, an open and avowed operation. By means of it pieces of a smaller weight and bulk are called by the same name which had before been given to pieces of a greater weight and bulk. The adulteration of the standard, on the contrary, has generally been a concealed operation. By means of it pieces were issued from the mint of the same denominations, and, as nearly as could be contrived, of the same weight, bulk, and appearance, with pieces which had been current before of much greater value. When king John of France\*, in order to pay his debts, adulterated his coin, all the officers of his mint were sworn to secrecy. Both operations are unjust. But a simple augmentation is an injustice of open violence; whereas an adulteration is an injustice of treacherous fraud. This latter operation, therefore, as soon as it has been discovered, and it could never be concealed very long, has always excited much greater indignation than the former. The coin after any considerable augmentation has very seldom been brought back to its former weight; but after the greatest adulterations it has almost always been brought back to its former fineness. It has scarce ever happened that the

\* See du Cange Glossary, voce Moneta; the Benedictine edition.

fury and indignation of the people could otherwise be appeased.

In the end of the reign of Henry VIII. and in the beginning of that of Edward VI. the English coin was not only raised in its denomination, but adulterated in its standard. The like frauds were practised in Scotland during the minority of James VI. They have occasionally been practised in most other countries.

That the public revenue of Great Britain can never be completely liberated, or even that any considerable progress can ever be made towards that liberation, while the surplus of that revenue, or what is over and above defraying the annual expense of the peace establishment, is so very small, it seems altogether in vain to expect. That liberation, it is evident, can never be brought about without either some very considerable augmentation of the public revenue, or some equally considerable reduction of the public expense.

A more equal land tax, a more equal tax upon the rent of houses, and such alterations in the present system of customs and excise as those which have been mentioned in the foregoing chapter, might, perhaps, without increasing the burden of the greater part of the people, but only distributing the weight of it more equally upon the whole, produce a considerable augmentation of revenue. The most sanguine projector, however, could scarce flatter himself that any augmentation of this kind would be such as could give any reasonable hopes, either of liberating the public revenue

altogether, or even of making such progress towards that liberation in time of peace, as either to prevent or to compensate the further accumulation of the public debt in the next war.

By extending the British system of taxation to all the different provinces of the empire inhabited by people of either British or European extraction, a much greater augmentation of revenue might be expected. This, however, could scarce, perhaps, be done, consistently with the principles of the British constitution, without admitting into the British parliament, or if you will into the states-general of the British Empire, a fair and equal representation of all those different provinces, that of each province bearing the same proportion to the produce of its taxes, as the representation of Great Britain might bear to the produce of the taxes levied upon Great Britain. The private interest of many powerful individuals, the confirmed prejudices of great bodies of people seem, indeed, at present, to oppose to so great a change such obstacles as it may be very difficult, perhaps altogether impossible, to surmount. Without, however, pretending to determine whether such a union be practicable or impracticable, it may not, perhaps, be improper, in a speculative work of this kind, to consider how far the British system of taxation might be applied to all the different provinces of the empire; what revenue might be expected from it if so applied, and in what manner a general union of this kind might be likely to affect the happiness and prosperity of the different provinces.

comprehended within it. Such a speculation can at worst be regarded but as a new Utopia, less amusing certainly, but not more useless and chimerical than the old one.

The land-tax, the stamp-duties, and the different duties of customs and excise, constitute the four principal branches of the British taxes.

Ireland is certainly as able, and our American and West Indian plantations more able to pay a land-tax than Great Britain. Where the landlord is subject neither to tithe nor poors rate, he must certainly be more able to pay such a tax, than where he is subject to both those other burdens. The tithe, where there is no modus, and where it is levied in kind, diminishes more what would otherwise be the rent of the landlord, than a land-tax which really amounted to five shillings in the pound. Such a tithe will be found in most cases to amount to more than a fourth part of the real rent of the land, or of what remains after replacing completely the capital of the farmer, together with his reasonable profit. If all moduses and all impropriations were taken away, the complete church tithe of Great Britain and Ireland could not well be estimated at less than six or seven millions. If there was no tithe either in Great Britain or Ireland, the landlords could afford to pay six or seven millions additional land-tax, without being more burdened than a very great part of them are at present. America pays no tithe, and could therefore very well afford to pay a land-tax. The lands in America and the West Indies, indeed, are

in general not tenanted nor leased out to farmers, they could not therefore be assessed according to any rent-roll. But neither were the lands of Great Britain, in the 4th of William and Marry, assessed according to any rent-roll, but according to a very loose and inaccurate estimation. The lands in America might be assessed either in the same manner, or according to an equitable valuation in consequence of an accurate survey, like that which was lately made in the Milanese, and in the dominions of Austria, Prussia, and Sardinia.

Stamp-duties, it is evident, might be levied without any variation in all countries where the forms of law process, and the deeds by which property both real and personal is transferred, are the same or nearly the same.

The extension of the custom-house laws of Great Britain to Ireland and the plantations, provided it was accompanied, as in justice it ought to be, with an extension of the freedom of trade, would be in the highest degree advantageous to both. All the invidious restraints which at present oppress the trade of Ireland, the distinction between the enumerated and non-enumerated commodities of America, would be entirely at an end. The countries north of Cape Finisterre would be as open to every part of the produce of America, as those south of that Cape are to some parts of that produce at present. The trade between all the different parts of the British empire would, in consequence of this uniformity in the custom-house laws, be as free as the coasting trade of Great Britain is at present. The British  
empire

empire would thus afford within itself an immense internal market for every part of the produce of all its different provinces. So great an extension of market would soon compensate both to Ireland and the plantations, all that they could suffer from the increase of the duties of customs.

The excise is the only part of the British system of taxation, which would require to be varied in any respect according as it was applied to the different provinces of the empire. It might be applied to Ireland without any variation; the produce and consumption of that kingdom being exactly of the same nature with those of Great Britain. In its application to America and the West-Indies, of which the produce and consumption are so very different from those of Great Britain, some modification might be necessary, in the same manner as in its application to the cider and beer counties of England.

A fermented liquor, for example, which is called beer, but which, as it is made of melasses, bears very little resemblance to our beer, makes a considerable part of the common drink of the people in America. This liquor, as it can be kept only for a few days, cannot, like our beer, be prepared and stored up for sale in great breweries; but every private family must brew it for their own use, in the same manner as they cook their victuals. But to subject every private family to the odious visits and examination of the tax-gatherers, in the same manner as we subject the keepers of alehouses and the brewers for public sale, would be altogether inconsistent



with liberty. If for the sake of equality it was thought necessary to lay a tax upon this liquor, it might be taxed by taxing the material of which it is made, either at the place of manufacture, or, if the circumstances of the trade rendered such an excise improper, by laying a duty upon its importation into the colony in which it was to be consumed. Besides the duty of one penny a gallon imposed by the British parliament upon the importation of melasses into America; there is a provincial tax of this kind upon their importation into Massachusetts Bay, in ships belonging to any other colony; of eight-pence the hoghead; and another upon their importation, from the northern colonies, into South Carolina, of five-pence the gallon. Or if neither of these methods was found convenient, each family might compound for its consumption of this liquor, either according to the number of persons of which it consisted, in the same manner as private families compound for the malt-tax in England; or according to the different ages and sexes of those persons, in the same manner as several different taxes are levied in Holland; or nearly as Sir Matthew Decker proposes that all taxes upon consumable commodities should be levied in England. This mode of taxation, it has already been observed, when applied to objects of a speedy consumption, is not a very convenient one. It might be adopted, however, in cases where no better could be done.

Sugar, rum, and tobacco, are commodities which are no where necessities of life, which are

become objects of almost universal consumption, and which are therefore extremely proper subjects of taxation. If a union with the colonies were to take place, those commodities might be taxed either before they go out of the hand of the manufacturer or grower; or if this mode of taxation did not suit the circumstances of those persons, they might be deposited in public warehouses both at the place of manufacture, and at all the different ports of the empire to which they might afterwards be transported, to remain there, under the joint custody of the owner and the revenue officer, till such time as they should be delivered out either to the consumer, to the merchant retailer for home-consumption, or to the merchant exporter, the tax not to be advanced till such delivery. When delivered out for exportation, to go duty free; upon proper security being given that they should really be exported out of the empire. These are perhaps the principal commodities with regard to which a union with the colonies might require some considerable change in the present system of British taxation.

What might be the amount of the revenue which this system of taxation extended to all the different provinces of the empire might produce, it must, no doubt, be altogether impossible to ascertain with tolerable exactness. By means of this system there is annually levied in Great Britain, upon less than eight millions of people, more than ten millions of revenue. Ireland contains more than two millions of people, and

according to the accounts laid before the congress, the twelve associated provinces of America contain more than three. Those accounts, however, may have been exaggerated, in order, perhaps, either to encourage their own people, or to intimidate those of this country, and we shall suppose therefore that our North-American and West-Indian colonies taken together contain no more than three millions; or that the whole British empire, in Europe and America, contains no more than thirteen millions of inhabitants. If upon less than eight millions of inhabitants this system of taxation raises a revenue of more than ten millions sterling; it ought upon thirteen millions of inhabitants to raise a revenue of more than sixteen millions two hundred and fifty thousand pounds sterling. From this revenue, supposing that this system could produce it, must be deducted, the revenue usually raised in Ireland and the plantations for defraying the expense of their respective civil governments. The expense of the civil and military establishment of Ireland, together with the interest of the public debt, amounts, at a medium of the two years which ended March 1775, to something less than seven hundred and fifty thousand pounds a year. By a very exact account of the revenue of the principal colonies of America and the West-Indies, it amounted, before the commencement of the present disturbances, to a hundred and forty-one thousand eight hundred pounds. In this account, however, the revenue of Maryland, of North-Carolina and of all our late acquisitions both upon

the continent and in the islands, is omitted, which may perhaps make a difference of thirty or forty thousand pounds. For the sake of even numbers therefore, let us suppose that the revenue necessary for supporting the civil government of Ireland and the plantations, may amount to a million. There would remain consequently a revenue of fifteen millions two hundred and fifty thousand pounds, to be applied towards defraying the general expense of the empire, and towards paying the public debt. But if from the present revenue of Great Britain a million could in peaceable times be spared towards the payment of that debt, six millions two hundred and fifty thousand pounds could very well be spared from this improved revenue. This great sinking fund too might be augmented every year by the interest of the debt which had been discharged the year before, and might in this manner increase so very rapidly, as to be sufficient in a few years to discharge the whole debt, and thus to restore completely the at present debilitated and languishing vigor of the empire. In the mean time the people might be relieved from some of the most burdensome taxes; from those which are imposed either upon the necessities of life, or upon the materials of manufacture. The laboring poor would thus be enabled to live better, to work cheaper, and to send their goods cheaper to market. The cheapness of their goods would increase the demand for them, and consequently for the labor of

### 338 THE NATURE AND CAUSES OF

those who produced them. This increase in the demand for labor, would both increase the numbers and improve the circumstances of the laboring poor. Their consumption would increase, and together with it the revenue arising from all those articles of their consumption upon which the taxes might be allowed to remain.

The revenue arising from this system of taxation, however, might not immediately increase in proportion to the number of people who were subjected to it. Great indulgence would for some time be due to those provinces of the empire which were thus subjected to burdens to which they had not before been accustomed, and even when the same taxes came to be levied every where as exactly as possible, they would not every where produce a revenue proportioned to the numbers of the people. In a poor country the consumption of the principal commodities subject to the duties of customs and excise is very small; and in a thinly inhabited country the opportunities of smuggling are very great. The consumption of malt liquors among the inferior ranks of people in Scotland is very small, and the excise upon malt, beer, and ale, produces less there than in England in proportion to the numbers of the people and the rate of the duties, which upon malt is different on account of a supposed difference of quality. In these particular branches of the excise, there is not, I apprehend, much more smuggling in the one country than in the other. The duties upon the distillery, and the greater part of the duties of customs, in

proportion to the numbers of people in the respective countries, produce less in Scotland than in England, not only on account of the smaller consumption of the taxed commodities, but of the much greater facility of smuggling. In Ireland, the inferior ranks of people are still poorer than in Scotland, and many parts of the country are almost as thinly inhabited. In Ireland, therefore, the consumption of the taxed commodities might, in proportion to the number of the people, be still less than in Scotland, and the facility of smuggling nearly the same. In America and the West-Indies the white people even of the lowest rank are in much better circumstances than those of the same rank in England, and their consumption of all the luxuries in which they usually indulge themselves is probably much greater. The blacks, indeed, who make the greater part of the inhabitants both of the southern colonies upon the continent and of the West-India islands, as they are in a state of slavery, are, no doubt, in a worse condition than the poorest people either in Scotland or Ireland. We must not, however, upon that account, imagine that they are worse fed, or that their consumption of articles which might be subjected to moderate duties, is less than that even of the lower ranks of people in England. In order that they may work well, it is the interest of their master that they should be fed well and kept in good heart, in the same manner as it is his interest that his working cattle should be so. The blacks accordingly have almost every where their

## 360 THE NATURE AND CAUSES OF

allowance of rum and of melasses or spruce beer, in the same manner as the white servants; and this allowance would not probably be withdrawn, though those articles should be subjected to moderate duties. The consumption of the taxed commodities, therefore, in proportion to the number of inhabitants, would probably be as great in America and the West-Indies as in any part of the British empire. The opportunities of smuggling indeed, would be much greater; America, in proportion to the extent of the country, being much more thinly inhabited than either Scotland or Ireland. If the revenue, however, which is at present raised by the different duties upon malt and malt liquors, were to be levied by a single duty upon malt, the opportunity of smuggling in the most important branch of the excise would be almost entirely taken away: And if the duties of customs, instead of being imposed upon almost all the different articles of importation, were confined to a few of the most general use and consumption, and if the levying of those duties were subjected to the excise laws, the opportunity of smuggling, though not so entirely taken away, would be very much diminished. In consequence of those two, apparently, very simple and easy alterations, the duties of customs and excise might probably produce a revenue as great in proportion to the consumption of the most thinly inhabited province, as they do at present in proportion to that of the most populous.

The Americans, it has been said, indeed, have no gold or silver money; the interior commerce of the country being carried on by a paper currency, and the gold and silver which occasionally come among them being all sent to great Britain in return for the commodities which they receive from us. But without gold and silver, it is added, there is no possibility of paying taxes. We already got all the gold and silver which they have. How is it possible to draw from them what they have not?

The present scarcity of gold and silver money in America is not the effect of the poverty of that country, or of the inability of the people there to purchase those metals. In a country where the wages of labor are so much higher; and the price of provisions so much lower than in England, the greater part of the people must surely have wherewithal to purchase a greater quantity, if it were either necessary or convenient for them to do so. The scarcity of those metals therefore, must be the effect of choice, and not of necessity.

It is for transacting either domestic or foreign business, that gold and silver money is either necessary or convenient.

The domestic business of every country, it has been shown in the second book of this Inquiry, may, at least in peaceable times, be transacted by means of a paper currency, with nearly the same degree of expediency as by gold and silver money. It is convenient for the Americans, who could always employ with



profit in the improvement of their lands a greater stock than they can easily get, to save as much as possible the expense of so costly an instrument of commerce as gold and silver, and rather to employ that part of their surplus produce which would be necessary for purchasing those metals, in purchasing the instruments of trade, the materials of clothing, several parts of household furniture, and the iron-work necessary for building and extending their settlements and plantations, in purchasing, not dead stock, but active and productive stock. The colony governments find it for their interest to supply the people with such a quantity of paper-money as is fully sufficient and generally more than sufficient for transacting their domestic business. Some of those governments, that of Pennsylvania particularly, derive a revenue from lending this paper-money to their subjects at an interest of so much per cent. Others, like that of Massachusetts Bay, advance upon extraordinary emergencies a paper-money of this kind for defraying the public expense, and afterwards, when it suits the conveniency of the colony, redeem it at the depreciated value to which it gradually falls. In 1747 \* that colony paid, in this manner, the greater part of its public debts, with the tenth part of the money for which its bills had been granted. It suits the conveniency of the planters to save the expense of employing gold and silver money in their domestic transactions, and it suits

\* See Hutchinson's Hist. of Massachusetts Bay, Vol. II. page. 436, & seq.

the conveniency of the colony governments to supply them with a medium, which, though attended with some very considerable disadvantages, enables them to save that expense. The redundancy of paper-money necessarily banishes gold and silver from the domestic transactions of the colonies, for the same reason that it has banished those metals from the greater part of the domestic transactions in Scotland; and in both countries it is not the poverty, but the enterprising and projecting spirit of the people, their desire of employing all the stock which they can get as active and productive stock, which has occasioned this redundancy of paper-money.

In the exterior commerce which the different colonies carry on with Great Britain, gold and silver are more or less employed, exactly in proportion as they are more or less necessary. Where those metals are not necessary, they seldom appear. Where they are necessary, they are generally found.

In the commerce between Great Britain and the tobacco colonies, the British goods are generally advanced to the colonists at a pretty long credit, and are afterwards paid for in tobacco, rated at a certain price. It is more convenient for the colonists to pay in tobacco than in gold and silver. It would be more convenient for any merchant to pay for the goods which his correspondents had sold to him in some other sort of goods which he might happen to deal in, than in money. Such a merchant would have no

occasion to keep any part of his stock by him unemployed, and in ready money, for answering occasional demands. He could have, at all times, a larger quantity of goods in his shop or warehouse, and he could deal to a greater extent. But it seldom happens to be convenient for all the correspondents, of a merchant to receive payment for the goods which they sell to him, in goods of some other kind which he happens to deal in. The British merchants who trade to Virginia and Maryland happen to be a particular set of correspondents, to whom it is more convenient to receive payment for the goods which they sell to those colonies in tobacco than in gold and silver. They expect to make a profit by the sale of the tobacco. They could make none by that of the gold and silver. Gold and silver, therefore, very seldom appear in the commerce between Great Britain and the tobacco colonies. Maryland and Virginia have as little occasion for those metals in their foreign as in their domestic commerce. They are said, accordingly, to have less gold and silver money than any other colonies in America. They are reckoned, however, as thriving, and consequently as rich, as any of their neighbours.

In the northern colonies, Pennsylvania, New York, New Jersey; the four governments of New England, &c. the value of their own produce which they export to Great Britain is not equal to that of the manufactures which they import for their own use, and for that of some of the other colonies to which they are the

carriers. A balance, therefore, must be paid to the mother country in gold and silver, and this balance they generally find.

In the sugar colonies the value of the produce annually exported to Great Britain is much greater than that of all the goods imported from thence. If the sugar and rum annually sent to the mother country were paid for in those colonies, Great Britain would be obliged to send out every year a very large balance in money, and the trade to the West Indies would, by a certain species of politicians, be considered as extremely disadvantageous. But it so happens, that many of the principal proprietors of the sugar plantations reside in Great Britain. Their rents are remitted to them in sugar and rum, the produce of their estates. The sugar and rum which the West India merchants purchase in those colonies upon their own account, are not equal in value to the goods which they annually sell there. A balance therefore must necessarily be paid to them in gold and silver, and this balance too is generally found.

The difficulty and irregularity of payment from the different colonies to Great Britain, have not been at all in proportion to the greatness or smallness of the balances which were respectively due from them. Payments have in general been more regular from the northern than from the tobacco colonies, though the former have generally paid a pretty large balance in money, while the latter have either paid no balance, or a much

smaller one. The difficulty of getting payment from our different sugar colonies has been greater or less in proportion, not so much to the extent of the balances respectively due from them, as to the quantity of uncultivated land which they contained; that is, to the greater or smaller temptation which the planters have been under of over-trading; or of undertaking the settlement and plantation of greater quantities of waste land than suited the extent of their capitals. The returns from the great island of Jamaica, where there is still much uncultivated land, have, upon this account, been in general more irregular and uncertain, than those from the smaller islands of Barbadoes, Antigua, and St. Christophers, which have for these many years been completely cultivated, and have, upon that account, afforded less field for the speculations of the planter. The new acquisitions of Grenada, Tobago, St. Vincents, and Dominica, have opened a new field for speculations of this kind; and the returns from those islands have of late been as irregular and uncertain as those from the great island of Jamaica.

It is not, therefore, the poverty of the colonies which occasions, in the greater part of them, the present scarcity of gold and silver money. Their great demand for active and productive stock makes it convenient for them to have as little dead stock as possible; and disposes them upon that account to content themselves with a cheaper, though less commodious instrument of commerce than gold and silver. They are

thereby enabled to convert the value of that gold and silver into the instruments of trade, into the materials of clothing, into household furniture, and into the iron work necessary for building and extending their settlements and plantations. In those branches of business which cannot be transacted without gold and silver money, it appears, that they can always find the necessary quantity of those metals, and if they frequently do not find it, their failure is generally the effect, not of their necessary poverty, but of their unnecessary and excessive enterprise. It is not because they are poor that their payments are irregular and uncertain; but because they are too eager to become excessively rich. Though all that part of the produce of the colony taxes, which was over and above what was necessary for defraying the expense of their own civil and military establishments were to be remitted to Great Britain in gold and silver, the colonies have abundantly wherewithal to purchase the requisite quantity of those metals. They would in this case be obliged, indeed, to exchange a part of their surplus produce, with which they now purchase active and productive stock, for dead stock. In transacting their domestic business they would be obliged to employ a costly instead of a cheap instrument of commerce; and the expense of purchasing this costly instrument might damp somewhat the vivacity and ardor of their excessive enterprise in the improvement of land. It might not, however, be necessary to remit any part of the American revenue in gold

and silver. It might be remitted in bills drawn upon and accepted by particular merchants or companies in Great Britain, to whom a part of the surplus produce of America had been consigned, who would pay into the treasury the American revenue in money, after having themselves received the value of it in goods; and the whole business might frequently be transacted without exporting a single ounce of gold or silver from America.

It is not contrary to justice that both Ireland and America should contribute towards the discharge of the public debt of Great Britain. That debt has been contracted in the support of the government established by the Revolution, a government to which the protestants of Ireland owe, not only the whole authority which they at present enjoy in their own country, but every security which they possess for their liberty, their property, and their religion; a government to which several of the colonies of America owe their present charters, and consequently their present constitution, and to which all the colonies of America owe the liberty, security, and property which they have ever since enjoyed. That public debt has been contracted in the defence, not of Great Britain alone, but of all the different provinces of the empire; the immense debt contracted in the late war in particular, and a great part of that contracted in the war before, were both properly contracted in defence of America.

By

By a union with Great Britain, Ireland would gain, besides the freedom of trade, other advantages much more important, and which would much more than compensate any increase of taxes that might accompany that union. By the union with England, the middling and inferior ranks of people in Scotland gained a complete deliverance from the power of an aristocracy which had always before oppressed them. By a union with Great Britain, the greater part of the people of all ranks in Ireland would gain an equally complete deliverance from a much more oppressive aristocracy; an aristocracy not founded, like that of Scotland in the natural and respectable distinctions of birth and fortune; but in the most odious of all distinctions, those of religious and political prejudices; distinctions which, more than any other, animate both the insolence of the oppressors and the hatred and indignation of the oppressed, and which commonly render the inhabitants of the same country more hostile to one another than those of different countries ever are. Without a union with Great Britain, the inhabitants of Ireland are not likely for many ages to consider themselves as one people.

No oppressive aristocracy has ever prevailed in the colonies. Even they, however, would, in point of happiness and tranquillity, gain considerably by a union with Great Britain. It would, at least, deliver them from those rancorous and virulent factions which are inseparable from



small democracies, and which have so frequently divided the affections of their people, and disturbed the tranquillity of their governments, in their form so nearly democratical. In the case of a total separation from Great Britain, which, unless prevented by a union of this kind, seems very likely to take place, those factions would be ten times more virulent than ever. Before the commencement of the present disturbances, the coercive power of the mother-country had always been able to restrain those factions from breaking out into any thing worse than gross brutality and insult. If that coercive power were entirely taken away, they would probably soon break out into open violence and bloodshed. In all great countries which are united under one uniform government, the spirit of party commonly prevails less in the remote provinces than in the centre of the empire. The distance of those provinces from the capital, from the principal seat of the great scramble of faction and ambition, makes them enter less into the views of any of the contending parties, and renders them more indifferent and impartial spectators of the conduct of all. The spirit of party prevails less in Scotland than in England. In the case of a union it would probably prevail less in Ireland than in Scotland, and the colonies would probably soon enjoy a degree of concord and unanimity at present unknown in any part of the British empire. Both Ireland and the colonies, indeed, would be subjected to heavier taxes than any which they at present pay. In

consequence, however, of a diligent and faithful application of the public revenue towards the discharge of the national debt, the greater part of those taxes might not be of long continuance, and the public revenue of Great Britain might soon be reduced to what was necessary for maintaining a moderate peace establishment.

The territorial acquisitions of the East India company, the undoubted right of the crown, that is, of the state and people of Great Britain, might be rendered another source of revenue more abundant, perhaps, than all those already mentioned. Those countries are represented as more fertile, more extensive; and in proportion to their extent, much richer and more populous than Great Britain. In order to draw a great revenue from them, it would not probably be necessary, to introduce any new system of taxation into countries which are already sufficiently and more than sufficiently taxed. It might perhaps, be more proper to lighten, than to aggravate, the burden of those unfortunate countries, and to endeavour to draw a revenue from them, not by imposing new taxes, but by preventing the embezzlement and misapplication of the greatest part of those which they already pay.

If it should be found impracticable for Great Britain to draw any considerable augmentation of revenue from any of the resources above mentioned; the only resource which can remain to her is a diminution of her expense. In the mode of collecting, and in that of expending the public

### 372 THE NATURE AND CAUSES OF

revenue, though in both there may be still room for improvement, Great Britain seems to be at least as economical as any of her neighbours. The military establishment which she maintains for her own defence in time of peace, is more moderate than that of any European state which can pretend to rival her either in wealth or in power. None of those articles, therefore, seem to admit of any considerable reduction of expense. The expense of the peace establishment of the colonies was, before the commencement of the present disturbances, very considerable, and is an expense which may, and if no revenue can be drawn from them, ought certainly to be saved altogether. This constant expense in time of peace, though very great, is insignificant in comparison with what the defence of the colonies has cost us in time of war. The last war, which was undertaken altogether on account of the colonies, cost Great Britain, it has already been observed, upwards of ninety millions. The Spanish war of 1739 was principally undertaken on their account, in which, and in the French war that was the consequence of it, Great Britain spent upwards of forty millions, a great part of which ought justly to be charged to the colonies. In those two wars the colonies cost Great Britain much more than double the sum which the national debt amounted to before the commencement of the first of them. Had it not been for those wars that debt might, and probably would by this time, have been completely paid; and had it not been for the

colonies, the former of those wars might not, and the latter certainly would not have been undertaken. It was because the colonies were supposed to be provinces of the British empire, that this expense was laid out upon them. But countries which contribute neither revenue nor military force towards the support of the empire, cannot be considered as provinces. They may perhaps be considered as appendages, as a sort of splendid and showy equipage of the empire. But if the empire can no longer support the expense of keeping up this equipage, it ought certainly to lay it down; and if it cannot raise its revenue in proportion to its expense, it ought, at least, to accommodate its expense to its revenue. If the colonies, notwithstanding their refusal to submit to British taxes, are still to be considered as provinces of the British empire, their defence in some future war may cost Great Britain as great an expense as it ever has done in any former war. The rulers of Great Britain have, for more than a century past, amused the people with the imagination that they possessed a great empire on the west side of the Atlantic. This empire, however, has hitherto existed in imagination only. It has hitherto been, not an empire, but the project of an empire; not a gold mine, but the project of a gold mine; a project which has cost, which continues to cost, and which, if pursued in the same way as it has been hitherto, is likely to cost, immense expense, without being likely to bring any profit; for the effects of the monopoly of the

colony trade, it has been shown, are to the great body of the people, mere loss instead of profit. It is surely now time that our rulers should either realize this golden dream, in which they have been indulging themselves, perhaps, as well as the people; or, that they should awake from it themselves, and endeavour to awaken the people. If the project cannot be completed, it ought to be given up. If any of the provinces of the British empire cannot be made to contribute towards the support of the whole empire, it is surely time that Great Britain should free herself from the expense of defending those provinces in time of war, and of supporting any part of their civil or military establishments in time of peace, and endeavour to accommodate her future views and designs to the real mediocrity of her circumstances.

# I N D E X.

N. B. *The Roman numerals refer to the Volume,  
and the figures to the Page.*

---

## A.

**ABSENTEE** tax, the propriety of, considered, with reference to Ireland, IV. 282.

**Accounts** of money, in modern Europe, all kept, and the value of goods computed, in silver, I. 58.

**Albors**, public, paid for the contempt attending their profession, I. 163.

**Africa**, cause assigned for the barbarous state of the interior parts of that continent, i. 32.

**African** company, establishment and constitution of, IV. 26. Receive an annual allowance from parliament for forts and garrisons, 29. The company not under sufficient control, *ibid.* History of the Royal African company, 33. Decline of, 34. Rise of the present company, 35.

**Age**, the foundation of rank and precedence in rude as well as civilized societies, III. 341.

**Aggregate** fund, in the British finances, explained, IV. 318.

**Agio** of the bank of Amsterdam explained, II. 310. Of the bank of Hamburgh, 312. Theagio at Amsterdam, how kept at a medium rate, 323.

**Agriculture**, the labor of, does not

admit of such subdivisions as manufactures, I. 9. This impossibility of separation, prevents agriculture from improving equally with manufactures, 10. Natural state of, in a new colony, 140. Requires more knowledge and experience than most mechanical professions, and yet is carried on without any restrictions, 196. The terms of rent how adjusted between landlord and tenant, 228. Is extended by good roads and navigable canals, 228. Under what circumstances pasture land is more valuable than arable, 232. Gardening not a very gainful employment, 237. Vines the most profitable article of culture, 239. Estimates of profit from projects, very fallacious, 240. Cattle and tillage mutually improve each other, 344. Remarks on that of Scotland, 346. Remarks on that of North America, 349. Poultry a profitable article in husbandry, 352. Hogs, 354. Dairy, 355. Evidences of land being completely improved, 358. The extension of cultivation as it raises the price of animal food, reduces that of vegetables, 382.

# INDEX.

*Agriculture*, by whom and how practised under feudal government, II. 100. Its operations not so much intended to increase, as to direct, the fertility of nature, 144. Has been the cause of the prosperity of the British colonies in America, 149. The profits of, exaggerated by projectors, 163. On equal terms, is naturally preferred to trade, 168. Artificers necessary to the carrying it on, 169. Was not attended to by the Northern destroyers of the Roman empire, 173. The ancient policy of Europe unfavorable to, 190. Was promoted by the commerce and manufactures of towns, 222. The wealth arising from, more solid and durable, than that which proceeds from commerce, 229.

Is not encouraged by the bounty on the exportation of corn, III. 16. Why the proper business of new companies, 181. The present agricultural system of political economy adopted in France, described, 269. Is discouraged by restrictions and prohibitions in trade, 283. Is favored beyond manufactures, in China, 296. And in Indostan, 299. Does not require so extensive a market as manufactures, 301. To check manufactures, in order to promote agriculture, false policy, 307.

Landlords ought to be encouraged to cultivate part of their own land, IV. 175.

*Alcavala*, the tax in Spain so called, explained and considered, IV. 290. The ruin of the Spanish manufactures attributed to this tax, 291.

*Alcoholics*, the number of, not the efficient cause of drunkenness, II. 142. 333.

*Allodial rights*, mistaken for feudal rights, II. 214. The introduction of the feudal law tended to moderate the authority of the allodial lords, 216.

*Ambassadors*, the first motive of their appointment, IV. 17.

*America*, why labor is dearer in North America than in England, I. 105. Great increase of population there, 106. Common rate of interest there, 140. Is a new market for the produce of its own silver mines, 316. The first accounts of the two empires of Peru and Mexico, greatly exaggerated, 317. Improving state of the Spanish colonies, 318.

Account of the paper currency of the British colonies, II. 87. Cause of the rapid prosperity of the British colonies there, 149. Why manufactures for distant sale have never been established there, 170. Its speedy improvement owing to assistance from foreign capitals, 172. The purchase and improvement of uncultivated lands, the most profitable employment of capitals, 224. Commercial alterations produced by the discovery of, 261. But two civilized nations found on the whole continent, 262. The wealth of the North American colonies increased, though the balance of trade continued against them, 343.

Madeira wine, how introduced there, III. 6. Historical

# INDEX.

- review of the European settlements in, 97. Of Spain, 111. Of Holland, 116. Of France, 117. Of Britain, 119. Ecclesiastical government in the several European colonies, 123. Fish a principal article of trade from North America to Spain, Portugal, and the Mediterranean, 129. Naval stores to Britain, 131. Little credit due to the policy of Europe from the success of the colonies, 146. The discovery and colonization of, how far advantageous to Europe, 149. And to America, 207. The colonies in, governed by a spirit of monopoly, 216. The interest of the consumer in Britain sacrificed to that of the producer, by the system of colonization, 266.
- America*, plan for extending the British system of taxation over all the provinces of, IV. 351. The question how the Americans could pay taxes without specie, considered, 361. Ought in justice to contribute to discharge the public debt of Great Britain, 368. Expediency of their union with Britain, 369. The British empire there, a mere project, 373.
- Amsterdam*, agio of the bank of, explained, II. 310. Occasion of its establishment, 312. Advantages attending payments there, 221. Rate demanded for keeping money there, 315. Prices at which bullion and coin are received, 317.
- Note*. This bank, the great warehouse of Europe for bullion, 320. Demands upon, how made and answered, 321. The agio of, how kept at a medium rate, 323. The treasure of, whether all preserved in its repositories, *ibid*. The amount of its treasure only to be conjectured, 325. Fees paid to the bank for transacting business, *ibid*.
- Annuities* for terms of years, and for lives, in the British finances, historical account of, IV. 320.
- Apothecaries*, the profit on their drugs unjustly stigmatized as exorbitant, I. 171.
- Apprenticeship*, the nature and intention of this bond servitude explained, I. 155. The limitations imposed on various trades, as to the number of apprentices, 184. The statute of apprenticeship in England, 186. Apprenticeships in France and Scotland, 187. General remarks on the tendency and operation of long apprenticeships, 188.
- The statute of, ought to be repealed, II. 297.
- Arabs*, their manner of supporting war, III. 311.
- Army*, three different ways by which a nation may maintain one in a distant country, II. 249.
- Standing, distinction between and a militia, III. 322. Historical review of, 327. The Macedonian army, *ibid*. Carthaginian army, 328. Roman army, 329. Is alone able to perpetuate the civilization of a country, 334. Is the speediest engine for civilizing a barbarous country, *ibid*. Under what circumstances dangerous to, and under what, favorable to liberty, 335.



*Artificers*, prohibited by law from going to foreign countries, III. 262. Residing abroad, and not returning on notice, exposed to out-lawry, 263. See *Manufactures*.  
*Asdrubal*, his army greatly improved by discipline, III. 328. How defeated, 329.  
*Assembly*, houses of, in the British colonies, the constitutional freedom of shown, III. 140.  
*Affiento* contract, IV. 38.  
*Affize* of bread and ale, remarks on that statute, I. 279. 286.  
*Augustus*, emperor, emancipates the slaves of Vedius Pollio, for his cruelty, III. 145.

## B.

*Balance* of annual produce and consumption explained, II. 342. May be in favor of a nation, when the balance of trade is against it, 343.  
*Balance* of trade, no certain criterion to determine on which side it turns between two countries, II. 304. The current doctrine of, on which most regulations of trade are founded, absurd, 327. If even, by the exchange of their native commodities, both sides may be gainers, 328. How the balance would stand, if native commodities on one side, were paid with foreign commodities on the other, 329. How the balance stands when commodities are purchased with gold and silver, 331. The ruin of countries often predicted from the doctrine of an unfavorable balance of trade, 341.

*Banks*, great increase of trade in Scotland, since the establishment of them in the principal towns, II. 36. Their usual course of business, 38. Consequences of their issuing too much paper, 43. Necessary caution for some time observed by them with regard to giving credit to their customers, 50. Limits of the advances they may prudently make to traders, 54. How injured by the practice of drawing and redrawing bills, 61. History of the Ayr bank, 65. History of the bank of England, 73; The nature and public advantage of banks considered, 77. Bankers might carry on their business with less paper, 82. Effects of the optional clauses in the Scots notes, 86.

——— Origin of their establishment, II. 312. Bank money explained, 313. Of England, the conduct of, in regard to the coinage, 329.

——— Joint stock companies why well adapted to the trade of banking, IV. 55. 57. A doubtful question whether the government of Great Britain is equal to the management of the Bank to profit, 152.

*Bankers*, the credit of their notes how established, II. 28. The nature of the banking business explained, 29. 38. The multiplication and competition of bankers under proper regulation, of service to public credit, 92.

*Baretti*, Mr. his account of the quantity of Portugal gold sent weekly to England, III. 77.

# INDEX

- Barons**, feudal, their power contracted, by the grant of municipal privileges, II. 197. Their extensive authority, 213. How they lost their authority over their vassals, 217. And the power to disturb their country, 221.
- Barter**, the exchange of one commodity for another, the propensity to, of extensive operation, and peculiar to man, I. 20. Is not sufficient to carry on the mutual intercourse of mankind, 33. See *Commerce*.
- Batavia**, causes of the prosperity of the Dutch settlement there, III. 224.
- Beaver skins**, review of the policy used in the trade for, III. 260.
- Beef**, cheaper now in London than in the reign of James I. I. 235. Compared with the prices of wheat at the corresponding times, 236.
- Benefices**, ecclesiastical, the tenure of, why rendered secure, IV. 219. The power of collating to, how taken from the Pope, in England and France, 129. General equality of, among the Presbyterians, 138. Good effects of this equality, 139.
- Bengal**, to what circumstances its early improvement in agriculture and manufactures was owing, I. 31. Present miserable state of the country, 110. Remarks on the high rates of interest there, 143. — Oppressive conduct of the English there to suit their trade in opium, III. 226. Why more remarkable for the exportation of manufactures than of grain, 301.
- Berne**, brief history of the republic of, II. 200. — Establishment of the reformation there, IV. 132. Application of the revenue of the Catholic clergy, 144. Derives a revenue from the interest of its treasure, 154.
- Bills of Exchange**, punctuality in the payment of, how secured, II. 58. The pernicious practice of drawing and redrawing explained, 49. The arts made use of to disguise this mutual traffic in bills, 63.
- Birth**, superiority of, how it confers respect and authority, III. 343.
- Bishops**, the ancient mode of electing them, and how altered, IV. 121. 129.
- Body**, natural and political, analogy between, III. 286.
- Bohemia**, account of the tax there on the industry of artificers, IV. 143.
- Bounty** on the exportation of corn, the tendency of this measure examined, I. 303.
- Bounties**, why given in commerce, II. 266. On exportation, the policy of granting them considered, III. 10. On the exportation of corn, 12. This bounty imposes two taxes on the people, 15. Evil tendency of this bounty, 23. The bounty only beneficial to the exporter, and importer, 25. Motives of the country gentlemen in granting the bounty, *ibid*. A trade which requires a bounty, necessarily a losing trade, 28. Tonnage bounties to the fisheries considered, 30. Account of the white-herring fishery, 36. Remarks on other

# INDEX.

boundies, 37. A review of the principles on which they are generally granted, 238. Those granted on American produce founded on mistaken policy, 242. How they affect the consumer, 265. *Bordeaux*, why a town of great trade, II. 102.

*Brazil*, grew to be a powerful colony under neglect, III. 113. The Dutch invaders expelled by the Portuguese colonists, 114. Computed number of inhabitants there, *ibid.* The trade of the principal provinces oppressed by the Portuguese, 125.

*Bread*, its relative value with butcher's meat compared, I. 230. 235.

*Brewery*, reasons for transferring the taxes on, to the malt, IV. 272.

*Bridges*, how to be erected and maintained, IV. 3.

*Britain*, *Great*, evidences that labor is sufficiently paid for there, I. 111. The price of provisions nearly the same in most places, 112. Great variations in the price of labor, 113. Vegetables imported from Flanders in the last century, 118. Historical account of the alterations interest of money has undergone, 135. Double interest deemed a reasonable mercantile profit, 148.

————— In what respects the carrying trade is advantageous to, II. 158. Appears to enjoy more of the carrying trade of Europe, than it really has, 161. Is the only country of Europe in which the obligation of purveyance is abolished, 188. Its funds for the support of foreign

wars inquired into, 251. Why never likely to be much affected by the free importation of Irish cattle, 279. Nor salt provisions, 281. Could be little affected by the importation of foreign corn, *ibid.* The policy of the commercial restraints on the trade with France examined, 303. The trade with France might be more advantageous to each country than that with any other, 339.

————— Why one of the richest countries in Europe, while Spain and Portugal are among the poorest, III. 69. Review of her American colonies, 119. The trade of her colonies, how regulated, 127. Distinction between enumerated and non-enumerated commodities, explained, *ibid.* Restrains manufactures in America, 134. Indulgences granted to the colonies, 137. Constitutional freedom of her colony government, 140. The sugar colonies of, worse governed than those of France, 143. Disadvantages resulting from retaining the exclusive trade of tobacco with Maryland and Virginia, 156. The navigation act has increased the colony trade, at the expense of many other branches of foreign trade, 160. The advantage of the colony trade estimated, 166. A gradual relaxation of the exclusive trade, recommended, 175. Events which have concurred to prevent the ill effects of the loss of the colony trade, 176. The natural good effects of the colony trade, more than counterbalance the bad

# I N D E X.

- effects of the monopoly, 180. To maintain a monopoly, the principal end of the dominion assumed over the colonies, 190. Has derived nothing but loss from this dominion, 192. Is perhaps the only state which has only increased its expenses by extending its empire, 200. The constitution of, would have been completed by admitting of American representation, 205. Review of the administration of the East India company, 229. Interest of the consumer sacrificed to that of the producer in raising an empire in America, 266.
- Britain, Great*, the annual revenue of, compared with its annual rents and interest of capital stock, IV. 159. The land-tax of, considered, 168. Tithes, 183. Window tax, 199. Stamp duties, 225. 230. Poll taxes in the reign of William III. 237. The uniformity of taxation in, favorable to internal trade, 291. The system of taxation in, compared with that in France, 300. Account of the unfunded debt of, 312. Funded debt, 313. Aggregate and general funds, 317. Sinking fund, 319. Annuities for terms of years and for lives, 320. Perpetual annuities the best transferable stock, 324. The reduction of the public debts, during peace, bears no proportion to their accumulation during war, 329. The trade with the tobacco colonies, how carried on, without the intervention of specie, 363. The trade with the sugar colonies explained, 365. Ireland and America ought in justice to contribute toward the discharge of her public debts, 368. How the territorial acquisitions of the East India company might be rendered a source of revenue, 371. If no such assistance can be obtained, her only resource pointed out, *ibid.*
- Bullion*, the money of the great mercantile republic, II. 254. See *Gold* and *Silver*.
- Burghs*, free, the origin of, II. 194. To what circumstances they owed their corporate jurisdictions, 196. Why admitted to send representatives to parliament, 200. Are allowed to protect refugees from the country, 201.
- Burn*, Dr. his observations on the laws relating to the settlement of the poor, I. 213. 217.
- Butcher's* meat, no where a necessary of life, IV. 250.

## C.

- Calvinists*, origin of that sect, IV. 134. Their principles of church government, 136.
- Cameron*, Mr. of Lochiel, exercised, within thirty years since, a criminal jurisdiction over his own tenants, II. 215.
- Canada*, the French colony there, long under the government of an exclusive company, III. 117. But improved speedily after the dissolution of the company, 118.
- Canals*, navigable, the advantages of, I. 229. How to be made and maintained, IV. 3. That of

# INDEX

- Languedoc, the support of, how secured, 6. May be successfully managed by joint stock companies, 56.
- Cantilien*, Mr. remarks on his account of the earnings of the laboring poor, I. 102.
- Cape of Good Hope*, causes of the prosperity of the Dutch settlement there, III. 223.
- Capital*, in trade, explained, and how employed, II. 5. Distinguished into circulating and fixed capitals, 6. Characteristic of fixed capitals, 10. The several kinds of fixed capitals specified, *ibid.* Characteristic of circulating capitals, and the several kinds of, 11. Fixed capitals supported by those which are circulating, 12. Circulating capitals how supported, 13. Intention of a fixed capital, 19. The expense of maintaining the fixed and circulating capitals illustrated, 21. Money, as an article of circulating capital, considered, 22. Money, no measure of capital, 27. What quantity of industry any capital can employ, 34. Capitals, how far they may be extended by paper credit, 54. Must always be replaced with profit by the annual produce of land, and labor, 97. The proportion between capital and revenue, regulates the proportion between industry and idleness, 104. How it is increased or diminished, 105. National evidences of the increase of, 115. In what instances private expenses contribute to enlarge the national capital, 120. The increase of, reduces profit, by competition, 130. The different ways of employing a capital, 138. How replaced to the different classes of traders, 142. That employed in agriculture puts into motion a greater quantity of productive labor, than any equal capital employed in manufactures, 145. That of a manufacturer should reside within the country, 147. The operation of capitals employed in agriculture, manufactures, and foreign trade, compared, 148. The prosperity of a country depends on the due proportion of its capital applied to these three grand objects, 151. Different returns of capitals employed in foreign trade, 155. Is rather employed on agriculture than in trade and manufactures, on equal terms, 163. Is rather employed in manufactures than in foreign trade, 171. The natural progress of the employment of, 172. Acquired by trade, is very precarious until realized by the cultivation and improvement of land, 228. The employment of, in the different species of trade, how determined, 270.
- Capitation* taxes, the nature of, considered, IV. 236. In England, 237. In France, 238.
- Carriage*, land and water, compared, I. 28. Water carriage contributes to improve arts and industry, in all countries where it can be used, 29. 228. 323.
- Land, how facilitated and reduced in price, by public works, IV. 4.
- Carrying* trade, the nature and operation of, examined, II. 156. Is

- the symptom, but not the cause, of national wealth, and hence points out the two richest countries in Europe, 151. Trades may appear to be carrying trades, which are not so, *ibid.* The disadvantages of, to individuals, 270. The Dutch, how excluded from being the carriers to Great Britain, 285. Drawbacks of duties originally granted for the encouragement of, III. 7.
- Carthaginian* army, its superiority over the Roman army, accounted for, III. 328.
- Cattle*, and corn, their value compared, in the different stages of agriculture, I. 230. The price of, reduced by artificial grasses, 234. To what height the price of cattle may rise in an improving country, 344. The raising a stock of, necessary for the supply of manure to farms, 345. Cattle must bear a good price to be well fed, 346. The price of, rises in Scotland in consequence of the union with England, 348. Great multiplication of European cattle in America, 349. Are killed in some countries, merely for the sake of the hides and tallow, 361. The market for these articles more extensive than for the carcase, 362. This market sometimes brought nearer home by the establishment of manufactures, *ibid.* How the extension of cultivation raises the price of animal food, 382.
- Cattle* is perhaps the only commodity more expensive to transport by sea than by land, II. 279.
- Great Britain never likely to be much affected by the free importation of Irish cattle, *ibid.*
- Certificates*, parish, the laws relating to, with observations on them, I. 216.
- Child*, Sir Josiah, his observation on trading companies, IV. 25.
- Children*; riches unfavorable to the production, and extreme poverty to the raising, of them, I. 120. The mortality still greater among those maintained by charity, 121.
- China*, to what the early improvement in arts and industry there was owing, I. 31. Concurrent testimonies of the misery of the lower ranks of the Chinese, 108. Is not however a declining country, 109. High rate of interest of money there, 145. The price of labor there, lower than in the greater part of Europe, 322. Great state assumed by the grandees, 323. Silver the most profitable article to send thither, *ibid.* The proportional value of gold to silver, how rated there, 331. The value of gold and silver much higher there than in any part of Europe, 376.
- Agriculture favored there, beyond manufactures, III. 296. Foreign trade not favored there, 297. Extension of the home-market, 298.
- Great attention paid to the roads there, IV. 12. In what the principal revenue of the sovereign consists, 185. The revenue of, partly raised in kind, 186.

# I N D E X.

*Church*, the richer the church, the poorer the state, IV. 144. Amount of the revenue of the church of Scotland, 145. The revenue of the church heavier taxed in Prussia, than lay proprietors, 180. The nature and effect of tithes considered, 183.

*Circulation*, the dangerous practice of raising money by, explained, II. 59. In traffick, the two different branches of, considered, 79.

*Cities*, circumstances which contributed to their opulence, II. 202. Those of Italy the first that rose to consequence, 203. The commerce and manufactures of, have occasioned the improvement and cultivation of the country, 222.

*Clergy*, a supply of, provided for, by public and private foundations for their education, I. 202. Curates worse paid than many mechanics, 203.

— Of an established religion, why unsuccessful against the teachers of a new religion, IV. 102. Why they persecute their adversaries, 103. The zeal of the inferior clergy of the church of Rome, how kept alive, 104. Utility of ecclesiastical establishments, 107. How connected with the civil magistrate, 108. Unsafe for the civil magistrate to differ with them, 116. Must be managed without violence, 119. Of the church of Rome, one great army cantoned over Europe, 121. Their power similar to that of the temporal barons, during the feudal monkish ages, 122. How the power of the Romish clergy

declined, 126. Evils attending allowing parishes to elect their own ministers, 136.

*Clothing*, more plentiful than food, in uncultivated countries, I. 252. The materials for, the first articles rude nations have to offer, 253.

*Coal*, must generally be cheaper than wood to gain the preference for fuel, I. 259. The price of, how reduced, 261.

— The exportation of, subjected to a duty higher than the prime cost of, at the pit, III. 261.

— The cheapest of all fuel, IV. 247. The tax on, absurdly regulated, 248.

*Coal mines*, their different degrees of fertility, I. 258. When fertile, are sometimes unprofitable by situation, 259. The proportion of rent generally paid for, 262.

— The machinery necessary to, expensive, II. 7.

*Coal trade* from Newcastle to London, employs more shipping than all the other carrying trade of England, II. 158.

*Cocks in China*, remarks on the principal articles of cultivation there, I. 244.

*Coin*, stamped, the origin, and peculiar advantages of, in commerce, I. 38. The different species of, in different ages and countries, 39. Causes of the alterations in the value of, 40. 47. 50. How the standard coin of different nations came to be of different metals, 57. A reform in the English coinage suggested, 67. Silver, consequences attending the debasement

# INDEX.

- debasement of, 304. Coinage of France and Britain, examined, 315. Why coin is privately melted down, 333. The mint chiefly employed to keep up the quantity thus diminished, 334. A duty to pay the coinage would preserve money from being melted or counterfeited, 335. Standard of the gold coin in France, 336. How a seignorage on coin would operate, *ibid.* A tax upon coinage is advanced by every body, and finally paid by nobody, 340. A revenue lost, by government defraying the expense of coinage, *ibid.* Amount of the annual coinage before the late reformation of the gold coin, 341. The law for the encouragement of, founded on prejudice, 342.
- Coin*, Consequences of raising the denomination of, as an expedient to facilitate payment of public debts, IV. 343. Adulteration of, 348.
- Colbert*, Mr. the policy of his commercial regulations disputed, II. 292. III. 269. His character, III. 268.
- Colleges*, cause of the depreciation of their money rents inquired into, I. 51.
- The endowments of, from whence they generally arise, IV. 59. Whether they have in general answered the purpose of their institution, 60. These endowments have diminished the necessity of application in the teachers, 61. The privileges of graduates by residence, and charitable foundation of scholarships, injurious
- to collegiate education, 64. Discipline of, 65.
- Colliers* and coal-heavers, their high earnings accounted for, I. 159.
- Colonies*, new, the natural progress of, I. 140.
- Modern, the commercial advantages derived from them, II. 267.
- Ancient, on what principles founded III. 92. Grecian colonies not retained under subjection to the parent states, 93. Distinction between the Roman and Greek colonies, 95. Circumstance that led to the establishment of European colonies in the East Indies and America, 96. The East Indies discovered by Vasco de Gama, 97. The West Indies discovered by Columbus 98. Gold the object of the first Spanish enterprises there, 103. And of those of all other European nations, 106. Causes of the prosperity of new colonies, 107. Rapid progress of the ancient Greek colonies, 109. The Roman colonies slow in improvement, 110. The remoteness of America and the West Indies, greatly in favor of the European colonies there, 111. Review of the British American colonies, 119. Expense of the civil establishments in British America, 122. Ecclesiastical government, 123. General view of the restraints laid upon the trade of the European colonies, 124. The trade of the British colonies, how regulated, 126. The different kinds of non-enumerated



# INDEX.

commodities specified, 127. Enumerated commodities, 131. Restraints upon their manufactures, 134. Indulgences granted them by Britain, 137. Were free in every other respect except as to their foreign trade, 140. Little credit due to the policy of Europe from the success of the colonies, 146. Throve by the disorder and injustice of the European governments, 147. Have contributed to augment the industry of all the countries of Europe, 150. Exclusive privileges of trade, a dead weight upon all these exertions both in Europe and America, 152. Have in general been a source of expense instead of revenue to their mother countries, 154. Have only benefited their mother countries by the exclusive trade carried on with them, 155. Consequences of the navigation act, 158. The advantage of the colony trade to Britain estimated, 166. A gradual relaxation of the exclusive commerce recommended, 175. Events which have prevented Britain from sensibly feeling the loss of the colony trade, 176. The effects of the colony trade, and the monopoly of that trade, distinguished, 178. To maintain a monopoly, the principal end of the dominion Great Britain assumes over the colonies, 190. Amount of the ordinary peace establishment of, *ibid.* The two late wars Britain sustained, colony wars, to support a monopoly, 191. Two modes by which they might be taxed, 195. Their

assemblies not likely to tax them, *ibid.* Taxes by parliamentary requisition, as little likely to be raised, 197. Representatives of, might be admitted into the British parliament with good effect, 202. Answer to objections against American representation, 205. The interest of the consumer in Britain, sacrificed to that of the producer, in raising an empire in America, 206.

*Columbus*, the motive that led to his discovery of America, III. 97. Why he gave the names of Indies to the islands he discovered, 98. His triumphal exhibition of their productions, 101.

*Columella*, his instruction for fencing a kitchen-garden, I. 238. Advises the planting of vineyards, 239.

*Commerce*, the different common standards or mediums made use of to facilitate the exchange of commodities, in the early stages of, I. 34. Origin of money, 35. Definition of the term *value*, 42.

— Treaties of, though advantageous to the merchants and manufacturers of the favored country, necessarily disadvantageous to those of the favoring country, III. 73. Translation of the commercial treaty between England and Portugal concluded in 1703, by Mr. Methuen, 74. Restraints laid upon the European colonies in America, 124. The present splendor of the mercantile system, owing to the discovery and colonization of America, 208. Review of the plan by which

# INDEX.

It proposes to enrich a country, 234. The interest of the consumer constantly sacrificed to that of the producer, 264. See *Agriculture, Banks, Capital, manufactures, Merchant, Money, Stock, Trade, &c.*

*Commodities*, the barter of, insufficient for the mutual supply of the wants of mankind, I. 33. Metals found to be the best medium to facilitate the exchange of, 35. Labor an invariable standard for the value of, 48. Real and nominal prices of, distinguished, 49. The component parts of the prices of, explained and illustrated, 75. The natural, and market prices of, distinguished, and how regulated, 82. The ordinary proportion between the value of any two commodities, not necessarily the same as between the quantities of them commonly in the market, 331. The price of rude produce, how affected by the advance of wealth and improvement, 340.

Foreign, are primarily purchased with the produce of domestic industry, II. 153. When advantageously exported in a rude state, even by a foreign capital, 171. The quantity of, in every country, naturally regulated by the demand, 240. Wealth in goods, and in money, compared, 245. Exportation of, to a proper market, always attended with more profit than that of gold and silver, 253. The natural advantages of countries in particular

productions, sometimes not possible to struggle against, 277.

*Company*, mercantile, incapable of consulting their true interests when they become sovereigns, III. 228. An exclusive company, a public nuisance, 234.

Trading, how first formed, IV. 18. Regulated, and joint stock companies, distinguished, *ibid.* Regulated companies in Great Britain, specified, 20. Are useless, 22. The constant view of such companies, 24. Forts and garrisons, why never maintained by regulated companies, 25. The nature of joint stock companies explained, 31. 32. A monopoly necessary to enable a joint stock company to carry on a foreign trade, 43. What kind of joint stock companies need no exclusive privileges, 55. Joint stock companies, why well adapted to the trade of banking, *ibid.* The trade of insurance may be carried on successfully by a joint stock company, 56. Also inland navigations, and the supply of water to a great city, *ibid.* Ill success of joint stock companies in other undertakings, 58.

*Competition*, the effect of, in the purchase of commodities, I. 84. Among the vendors, 86. 133.

*Contract*, in France, its object, IV. 129.

*Congress*, American, its strength owing to the important characters it confers on the members of it, III. 203.

*Conversion* price, in the payment of rents in Scotland, explained, I. 284.

# INDEX.

- Copper*, the standard measure of value among the ancient Romans, I. 57. Is no legal tender in England, 59.
- Cori*, the largest quadruped on the island of St. Domingo, described, III. 99.
- Corn*, the raising of, in different countries, not subject to the same degree of rivalry as manufactures, I. 11. Is the best standard for reserved rents, 51. The price of, how regulated, 53. The price of, the best standard for comparing the different values of particular commodities at different times and places, 56. The three component parts in the price of, 75. Is dearer in Scotland than in England, 114. Its value compared with that of butchers' meat, in the different periods of agriculture, 230. 236. Compared with silver, 277. Circumstances in a historical view of the prices of corn, that have misled writers in treating of the value of silver at different periods, 284. Is always a more accurate measure of value, than any other commodity, 293. Why dearer in great towns than in the country, 297. Why dearer in some rich commercial countries, as Holland and Genoa, 298. Rose in its nominal price on the discovery of the American mines, 300. And in consequence of the civil war under king Charles I. 302. And in consequence of the bounty on the exportation of, 303. Tendency of the bounty examined, 307. Chronological table of the prices of, 398.
- Corn*, The least profitable article of growth in the British West Indian colonies, II. 181. The restraints formerly laid upon the trade of, unfavorable to the cultivation of land, 190. The free importation of, could little affect the farmers of Great Britain, 281.
- The policy of the bounty on the exportation of, examined, III. 12. The reduction in the price of corn, not produced by the bounty, 13. Tillage not encouraged by the bounty, 16. The money price of, regulates that of all other home-made commodities, 17. Illustration, 20. Ill effects of the bounty, 23. Motives of the country gentlemen in granting the bounty, 25. The natural value of corn not to be altered by altering the money price, 27. The four several branches of the corn trade specified, 40. The inland dealer, for his own interest will not raise the price of corn higher than the scarcity of the season requires, *ibid*. Corn a commodity the least liable to be monopolized, 42. The inland dealers in corn too numerous and dispersed to form a general combination, 43. Dearth is never artificial, but when government interferes improperly to prevent them, 44. The freedom of the corn trade, the best security against a famine, 46. Old English statute to prohibit the corn trade, 47. Consequences of farmers being forced to become corn dealers, 49. The use of corn

# INDEX.

- dealers to the farmers, 54. The prohibitory statute against the corn trade softened, 55. But still under the influence of popular prejudices, 56. The average quantity of corn imported and exported, compared with the consumption and annual produce, 58. Tendency of a free importation of corn, 60. The home market the most important one for corn, *ibid.* Duties payable on the importation of grain, before 13 Geo. III. 61. *note.* The impropriety of the statute 22 Car. II. for regulating the importation of wheat, confessed by the suspension of its execution, by temporary statutes, 62. The home-market indirectly supplied by the exportation of corn, *ibid.* How a liberal system of free exportation, and importation, among all nations, would operate, 65. The laws concerning corn, similar to those relating to religion, 67. The home market supplied by the carrying trade, *ibid.* The system of laws connected with the establishment of the bounty, undeserving of praise, 68. Remarks on the statute 13 Geo. III. 70.
- Corporations*, tendency of the exclusive privileges of, on trade, I. 93. 184. By what authority erected, 191. The advantages corporations derive from the surrounding country, 193. Check the operations of competition, 198. Their internal regulations, combinations against the public, 200. Are injurious, even to the members of them, 201. The laws of, obstruct the free circulation of labor, from one employment to another, 211.
- Corporations*, the origin of, II. 195. Are exempted by their privileges from the power of the feudal barons, 197. The European East India companies disadvantageous to the eastern commerce, 263. The exclusive privileges of corporations ought to be destroyed, 297.
- Cottagers*, in Scotland, their situation described, I. 179. Are cheap manufacturers of stockings, 181. The diminution of, in England, considered, 354.
- Coward*, character of, IV. 99.
- Credit*. See *Paper-money*.
- Cruzaders* to the Holy Land, favorable to the revival of commerce, II. 108.
- Currency* of states, remarks on, II. 311.
- Customs*, the motives and tendency of drawbacks from the duties of, III. 1. The revenue of the customs increased by drawbacks, 8. — Occasion of first imposing the duties of, IV. 18. Origin of those duties, 254. Three ancient branches of, 255. Drawbacks of, 257. Are regulated according to the mercantile system, 258. Frauds practised to obtain drawbacks and bounties, 259. The duties of, in many instances uncertain, 261. Improvement of, suggested, 262. Computation of the expense of collecting them, 285.
- D.**
- Dairy*, the business of, generally carried on as a fave-all, I. 355.

# INDEX.

- Circumstances** which impede or promote the attention to it, 356.
- English and Scotch dairies**, 357.
- Danube**, the navigation of that river why of little use to the interior parts of the country from whence it flows, I. 32.
- Davenant**, Dr. his objections to the transferring the duties on beer to the malt, considered, IV. 276.
- Deaths**, never caused by combinations among the dealers in corn, but by some general calamity, III. 44. The free exercise of the corn trade the best palliative against the inconveniencies of a dearth, 45. Corn dealers the best friends to the people at such seasons, 47.
- Debts**, public, the origin of, traced. IV. 306. Are accelerated by the expenses attending war, 308. Account of the unfunded debt of Great Britain, 312. The funded debt, 313. Aggregate and general funds, 317. Sinking fund, 319. 327. Annuities for terms of years, and for lives, 320. The reduction of, during peace, bears no proportion to its accumulation during war, 329. The plea of the interest being no burden to the nation, considered, 337. Are seldom fairly paid when accumulated to a certain degree, 343. Might easily be discharged, by extending the British system of taxation over all the provinces of the empire, 350. Ireland and America ought to contribute to discharge the public debts of Britain, 348.
- Docker**, Sir Matthew, his observation on the accumulation of taxes, IV. 246. His proposal for transferring all taxes to the consumer, by annual payments, considered, 251.
- Demand**, though the increase of, may at first raise the price of goods, it never fails to reduce it afterward, IV. 43.
- Denmark**, account of the settlements of, in the West Indies, III. 116.
- Diamonds**, the mines of, not always worth working for, I. 270.
- Discipline**, the great importance of, in war, III. 324. Instances, 327, &c.
- Diversions**, public, their political use, IV. 115.
- Domingo**, St. mistaken by Columbus for a part of the East Indies, III. 98. Its principal productions, 99. The natives soon stripped of all their gold, 102. Historical view of the French colony there, 118.
- Doomsday** book, the intention of that compilation, IV. 179.
- Qorians**, ancient, where the colonies of, settled, III. 92.
- Dramatic** exhibitions, the political use of, IV. 115.
- Drawbacks**, in commerce, explained, II. 266.
- The motives to, and tendency of, explained, III. 1. On wines, currants, and wrought silks, 2. On tobacco and sugar, 3. On wines, particularly considered, 4. Were originally granted to encourage the carrying trade, 7. The revenue of the customs increased by them, 8. Drawbacks

## I N D E X.

allowed in favor of the colonies, *East India*, company, a monopoly against the very nation in which it is erected, III. 216. The operation of such a company in a poor, and in a rich country, compared, 218. That country whose capital is not large enough to tend to such a distant trade ought not to engage in it, 222.

*Drugs*, regulations of their importation and exportation, III. 257.

*Drunkenness*, the motive to this vice inquired into, II. 334.

*Dutch*, their settlements in America flow in improvement because under the government of an exclusive company, III. 116. Their *East India* trade checked by monopoly, 218. Measures taken by, to secure the monopoly of the spice trade, 225. See *Holland*.

### E.

*East India*, representation of the miserable state of the provinces of, under the English government there, I. 110. Historical view of the European trade with those countries, 319. Rice countries more populous and rich than corn countries, 321. The real price of labor lower in China and Indostan, than in the greater part of Europe, 322. Gold and silver the most profitable commodities to carry thither, 323. The proportional value of gold to silver, how rated there, 330.

— great extension of foreign commerce by the discovery of a passage to, round the Cape of Good Hope, II. 262. Historical review of the intercourse with, 263. Effect of the annual exportation of silver to, from Europe, 264. The trade with, chiefly carried on by exclusive companies, III. 216. Tendency of their monopolies, 217.

— brief review of their history, IV. 40. Their privileges invaded, 41. A rival company formed, 42. The two companies united, 44. Are infected by the spirit of war and conquest, 45. Agreements between the company and government, *ibid*. Interference of government in their territorial administration, 48. And in the direction at home, *ibid*. Why unfit to govern a great empire, 49. Their sovereign and commercial characters incompatible, 154. How the territorial acquisitions of, might be rendered a source of revenue, 371.

*Edinburgh*, its present share of trade owing to the removal of the court and parliament, II. 104.

# INDEX,

**Education**, the principal cause of the various talents observable in different men, I. 24.

— those parts of, for which there are no public institutions, generally the best taught, IV. 67. In universities a view of, 77. Of travelling for, 80. Course of, in the republics of ancient Greece, 81. In ancient Rome, *ibid.* The ancient teachers superior to those in modern times, 88. Public institution injurious to good education, 89. Inquiry how far the public ought to attend to the education of the people, 90. The different opportunities of education in the different ranks of the people, 94. The advantages of a proper attention in the state to the education of the people, 100.

**Egypt**, the first country in which agriculture and manufactures appear to have been cultivated, I. 30.

— agriculture was greatly favored there, III. 258. Was long the granary of the Roman empire, 301.

**Ejection**, action of, in England, when invented, and its operation, II. 185.

**Employments**, the advantages and disadvantages of the different kinds of, in the same neighbourhood, continually tend to equality, I. 151. The differences or inequalities among, specified, 152. The constancy or precariousness of, influences the rate of wages, 157.

**England**, the dates of its several species of coinage, silver, gold, and copper, I. 58. Why labor

is cheaper there, than in North America, 105. The rate of population in both countries compared, 106.

**England**, the produce and labor of, have gradually increased from the earliest accounts in history, while writers are representing the country as rapidly declining, II. 116. Enumeration of obstructions and calamities which the prosperity of the country has surmounted, 117. Circumstances that favor commerce and manufactures, 225. Laws in favor of agriculture, 226. Why formerly unable to carry on foreign wars of long duration, 257. Why the commerce with France has been subjected to so many discouragements, 339. Foundation of the enmity between these countries, 341. Translation of the commercial treaty concluded in 1703, with Portugal, III. 74. Inquiry into the value of the trade with Portugal, 77. Might procure gold without the Portugal trade, 78. Consequences of securing the colony trade by the navigation act, 158.

**Engrossing**. See *Forefalling*.

**Entails**, the law of, prevents the division of land by alienation, II. 174. Intention of, 176.

**Europe**, general review of the several nations of, as to their improvement since the discovery of America, I. 316.

— the two richest countries in, enjoy the greatest shares of the carrying trade, II. 161.

# INDEX

**Europe**, inquiry into the advantages derived by, from the discovery and colonization of America, III. 149. The particular advantages derived by each colonizing country, 153. And by others which have no colonies, 209.

**Exchange**, the operation of, in the commercial intercourse of different countries, II. 236. The course of, an uncertain criterion of the balance of trade between two countries, 305. Is generally in favor of those countries which pay in bank money, against those which pay in common currency, 326.

**Excise**, the principal objects of, IV. 254. The duties of, more clear and distinct than the customs, 261. Affects only a few articles of the most general consumption, 262. The excise scheme of Sir Robert Walpole defended, 267. The excise upon home-made fermented and spirituous liquors, the most productive, 269. Expense of levying excise duties computed, 284. The laws of, more vexatious than those of the customs, 289.

**Exercice**, military, alteration in, produced by the invention of fire arms, III. 323.

**Expenses**, private, how they influence the national capital, II. 120. The advantage of bestowing them on durable commodities, 122.

**Export**, trade, the principles of, explained, II. 159. When rude produce may be advantageously exported, even by a foreign

capital. 173. Why encouraged by European nations, 265. By what means promoted, 266. The motives to, and tendency of, drawbacks of duties, III. 1. The grant of bounties on, considered, 10. Exportation of the materials of manufactures, review of the restraints and prohibitions of, 243.

## F.

**Faith**, articles of, how regulated by the civil magistrate, IV. 117.

**Families**, seldom remain on large estates for many generations in commercial countries, II. 221.

**Famines**. See *Dearth*.

**Farmers** of land, the several articles that compose their gain distinguished, I. 80. Require more knowledge and experience than the generality of manufacturers, 196.

—— in what their capitals consist, II. 7.

—— the great quantity of productive labor put into motion by their capitals, 144. Artificers necessary to them, 169. Their situation better in England than in any other part of Europe, 185. Labor under great disadvantages every where, 189. Origin of long leases of farms, 220. Are a class of men least subject to the wretched spirit of monopoly, 283.

—— were forced, by old statutes, to become the only dealers in corn, III. 49. Could not sell corn cheaper than any other corn merchant, 50. Could seldom sell it so cheap, 51. The culture of



# INDEX.

- land obstructed by this division of *Fiars*, public, in Scotland, the nature of the institution explained, I. 284.
- their capitals, 53. The use of corn dealers to the farmers, 54. how they contribute to the annual production of the land, according to the French agricultural system of political economy, 270.
- Farmers* of the public revenue, their character, IV. 296. 325.
- Feudal* government, miserable state of the occupiers of land under, II. 99. Trade and interest of money under, 101. Feudal chiefs, their power, 174. Slaves, their situation, 176. Tenures of land, 182. Taxation, 188. Original poverty and servile state of the tradesmen in towns, 192. Immunities seldom granted but for valuable considerations, 193. Origin of free burghs, 194. The power of the barons reduced by municipal privileges, 197. The cause and effect of ancient hospitality, 201. Extensive power of the ancient barons, 203. Was not established in England until the Norman conquest, 205. Was silently subverted by manufactures and commerce, 207.
- wars, how supported, III. 315. Military exercises not well attended to, under, 318. Standing armies gradually introduced to supply the place of the feudal militia, 332.
- account of the casualties or taxes under, IV. 223. Revenues under, how enjoyed by the great landholders, 304.
- Fishes*, the component parts of the price of, explained, I. 77. The multiplication of, at market, by human industry, both limited and uncertain, 370. How an increase of demand raises the price of fish, 371.
- Fisheries*, observations on the tonnage bounties granted to, III. 30. To the herring fishery, 31. The boat fishery ruined by this bounty, 34.
- Flanders*, the ancient commercial prosperity of, perpetuated by the solid improvements of agriculture, II. 229.
- Flax*, the component parts of the price of, explained, I. 76.
- Fleetwood*, bishop, remarks on his *Chronicon Pretiosum*, I. 285. 289.
- Flour*, the component parts of the price of, explained, I. 76.
- Food*, will always purchase as much labor as it can maintain on the spot, I. 227. Bread and butchers' meat compared, 230. 235. Is the original source of every other production, 257. The abundance of, constitutes the principal part of the riches of the world, and gives the principal value to many other kinds of riches, 272.

## I N D E X.

*Forefalling* and engrossing, the popular fear of, like the suspicions of witchcraft, III. 58.

*Forts*, when necessary for the protection of commerce, IV. 16.

*France*, fluctuations in the legal rate of interest for money there, during the course of the present century, I. 137. Remarks on the trade and riches of, 138. The nature of apprenticeships there, 137. The propriety of restraining the planting of vineyards, examined, I. 240. Variations in the price of grain there, 282. The money price of labor has sunk gradually with the money price of corn, 313.

——— Foundation of the Mississippi scheme, II. 72. Little trade or industry to be found in the parliament towns of, 102. Description of the class of farmers called metayers, 182. Laws relating to the tenure of land, 187. Services formerly exacted beside rent, *ibid.* The taille, what, and its operation in checking the cultivation of land, 188. Origin of the magistrates and councils of cities, 199. No direct legal encouragement given to agriculture, 227. Ill policy of M. Colbert's commercial regulations, 292. French goods heavily taxed in Great Britain, 301. The commercial intercourse between France and England now chiefly carried on by smugglers, 302. The policy of the commercial restraints between France and Britain, considered, 303. State of the coinage

there, 309. Why the commerce with England has been subjected to discouragements, 339. Foundation of the enmity between these countries, 341.

*France*, Remarks concerning the feignorage on coin, III. 84. Standard of the gold coin there, 85. The trade of the French colonies, how regulated, 127. The government of the colonies conducted with moderation, 142. The sugar colonies of, better governed than those of Britain, 143. The kingdom of, how taxed, 198. The members of the league, fought more, in defence of their own importance, than for any other cause, 204. The present agricultural system of political œconomy adopted by philosophers there, described, 270.

——— Under what direction the funds for the repair of the roads are placed, IV. 10. General state of the roads, 11. The universities badly governed, 64. Remarks on the management of the parliaments of, 120. Measure taken in, to reduce the power of the clergy, 129. Accounts of the mode of rectifying the inequalities of the predial taille in the generality of Montauban, 182. The personal taille explained, 212. The inequalities in, how remedied, 215. How the personal taille discourages cultivation, 217. The Vingtieme, 220. Stamp duties and the controls, 226. 229. The capitation tax, how rated, 230. Restraints upon the interior

## I N D E X.

- trade of the country by the local variety of the revenue laws, 292. The duties on tobacco and salt, how levied, 297. The different sources of revenue in, 298. How the finances of, might be reformed, 299. The French system of taxation compared with that in Britain, 300. The nature of ton-tines explained, 322. Estimate of the whole national debt of, 323.
- Frugality*, generally a predominating principle in human nature, II. 111.
- Fuller's earth*, the exportation of, why prohibited, III. 254.
- Funds*, British, brief historical view of, IV. 312. Operation of, politically considered, 333. The practice of funding has gradually enfeebled every state that has adopted it, 340.
- ### G.
- Gama*, Vasco de, the first European who discovered a naval track to the East Indies, III. 97.
- Gardening*, the gains from, distinguished into the component parts, I. 81. Not a profitable employment, 237.
- Gems*. See *Stones*.
- General fund*, in the British finances, explained, IV. 317.
- Genoa*, why corn is dear in the territory of, I. 298.
- Glasgow*, the trade of, doubled in fifteen years, by erecting banks there, II. 36. Why a city of greater trade than Edinburgh, 104.
- Gold*, not the standard of value in England, I. 59. Its value measured by silver, 60. Reformation of the gold coin, 61. Mint price of gold in England, 62. The working the mines of, in Peru, very unprofitable, 267. Qualities for which this metal is valued, 269. The proportional value of, to silver, how rated before and after the discovery of the American mines, 330. Is cheaper in the Spanish market than silver, 333.
- Gold*, great quantities of, remitted annually from Portugal to England, III. 76. Why little of it remains in England, 77. Is always to be had for its value, 78. — and *silver*, the prices of, how affected by the increase of the quantity of the metals, I. 294. Are commodities that naturally seek the best market, 295. Are metals of the least value among the poorest nations, 297. The increase in the quantity of, by means of wealth and improvement, has no tendency to diminish their value, 299. The annual consumption of these metals very considerable, 324. Annual importation of, into Spain and Portugal, 325. Are not likely to multiply beyond the demand, 328. The durability of, the cause of the steadiness of their price, 329. On what circumstances the quantity of, in every particular country, depends, 372. The low value of these metals in a country, no evidence of its wealth, nor their high value of its poverty, 377. — if not employed at home, will be sent abroad notwithstanding all prohibitions, II. 109. The

# INDEX.

reason why European nations have studied to accumulate these metals, 233. Commercial arguments in favor of their exportation, 234. These, and all other commodities, are mutually the prices of each other, 240. The quantity of, in every country, regulated by the effectual demand, 241. Why the prices of these metals do not fluctuate so much as those of other commodities, 242. To preserve a due quantity of, in a country, no proper object of attention for the government, 243. The accumulated gold and silver in a country distinguished into three parts, 250. A great quantity of bullion alternately exported and imported for the purposes of foreign trade, 254. Annual amount of these metals imported into Spain and Portugal, 255. The importation of, not the principal benefit derived from foreign trade, 259. The value of, how affected by the discovery of the American mines, 260. And by the passage round the Cape of Good Hope to the East Indies, 262. Effect of the annual exportation of silver to the East Indies, 264. The commercial means to increase the quantity of these metals in a country, 265. 301. Bullion how received and paid at the bank of Amsterdam, 315. At what prices, 317. *note.* A trading country without mines, not likely to be exhausted by an annual exportation of these metals, 332.

*Gold and silver* the value of, in Spain

and Portugal, depreciated by restraining the exportation of them, III. 20. Are not imported for the purposes of plate or coin, but for foreign trade, 80. The search after mines of, the most ruinous of all projects, 103. Are valuable, because scarce, and difficult to be procured, 104.

*Gorgias*, evidence of the wealth he acquired by teaching, I. 208.

*Government*, civil, indispensibly necessary for the security of private property, III. 339. Subordination in society by what means introduced, 340. Inequality of fortune introduces civil government for its preservation, 346. The administration of justice, a source of revenue in early times, 347.

— Why government ought not to have the management of turnpikes, IV. 8. Nor of other public works, 14. Want of parsimony during peace, imposes a necessity of contracting debts to carry on a war, 308. Must support a regular administration of justice to cause manufactures and commerce to flourish, 309. Origin of national debt, 310. Progression of public debts, 311. War, why generally agreeable to the people, 326.

*Governors*, political, the greatest spendthrifts in society, II. 119.

*Grasses*, artificial, tend to reduce the price of butchers' meat, I. 234.

# I N D E X.

*Graziers*, subject to monopolies obtained by manufacturers to their prejudice, III. 255.

*Greece*, foreign trade promoted in several of the ancient states of, III. 302. Military exercises, a part of general education, 318. Soldiers not a distinct profession in, 319.

— Course of education in the republics of, IV. 81. The morals of the Greeks inferior to those of the Romans, *ibid.* Schools of the philosophers and rhetoricians 84. Law no science among the Greeks, 85. Courts of justice, 86. The martial spirit of the people how supported, 97.

*Greek colonies*, how distinguished from Roman colonies, III. 95. Rapid progress of these colonies, 109.

— language, how introduced as a part of university education, IV. 71. Philosophy, the three great branches of 72.

*Ground rents*, great variations of, according to situation, IV. 190. Are a more proper subject of taxation than houses, 195.

*Gum senega*, review of the regulations imposed on the trade for, III. 258.

*Gunpowder*, great revolution effected in the art of war by the invention of, III. 323. 337. This invention favorable to the extension of civilization, 338.

*Gustavus Vasa*, how enabled to establish the reformation in Sweden, IV. 132.

## H.

*Hanseatic league*, causes that rendered it formidable, II. 199. Why no vestige remains of the wealth of the Hans towns, 223. *Hamburgh*, agio of the bank of, explained, II. 312. Sources of the revenue of that city, 334. 338.

— the inhabitants of, how taxed to the state, III. 47.

— Company, some account of, IV. 21.

*Hearth money*, why abolished in England, IV. 199.

*Henry VIII. of England*, prepares the way for the reformation by shutting out the authority of the Pope, IV. 133.

*Herring burs bounty*, remarks on, III. 30. Fraudulent claims of the bounty, 33. The boat fishery the most natural and profitable, 34. Account of the British white-herring fishery, 36. Account of the busses fitted out in Scotland, the amount of their cargoes, and the bounties on them, 389.

*Hides*, the produce of rude countries, commonly carried to a distant market, I. 360. Price of, in England three centuries ago, 365. Salted hides inferior to fresh ones, 366. The price of, how affected by circumstances in cultivated and in uncultivated countries, 368.

*Highlands of Scotland*, interesting remarks on the population of, I. 120.

— Military character of the Highlanders, III. 326.

# INDEX.

*Hobbes*, Mr. remarks on his definition of wealth, I. 45.

*Hogs*, circumstances which render their flesh cheap or dear, I. 354.

*Holland*, observations on the riches and trade of the republic of, I. 139. Not to follow some business, unfashionable there, 147. Cause of the dearth of corn there, 298.

— enjoys the greatest share in the carrying trade of Europe, II. 161. How the Dutch were excluded from being the carriers to Great Britain, 285. Is a country that prospers under the heaviest taxation, 291. Account of the bank of Amsterdam, 312. This republic derives even its subsistence from foreign trade, 342.

— tax paid on houses there, IV. 198. Account of the tax upon successions, 222. Stamp duties, 225. High amount of taxes in, 249. 301. Its prosperity depends on the republican form of government, 302.

*Honoraries* from pupils to teachers in colleges, tendency of, to quicken their diligence, IV. 61.

*Hose*, in the time of Edward IV. how made, I. 389.

*Hospitality*, ancient, the cause and effect of, II. 211. IV. 304.

*House*, different acceptations of the term in England, and some other countries, I. 182.

— Houses considered as part of the national stock, II. 8. Produce no revenue, 9.

— the rent of, distinguished into two parts, IV. 189. Operation of a tax upon house rent,

payable by the tenant, 190. House rent the best test of the tenant's circumstances, 194. Proper regulations of a tax on, *ibid.* How taxed in Holland, 198. Hearth money, 199. Window tax, *ibid.* *Hudson's* bay company, the nature of their establishment and trade, IV. 35. Their profits not so high as has been reported, 37.

*Hunters*, war how supported by a nation of, III. 310. Cannot be very numerous, 312. No establishment of administration of justice needful among them, 338. Age the sole foundation of rank and precedence among, 341. No considerable inequality of fortune, or subordination to be found among them, 342. No hereditary honors in such a society, 344.

*Husbandmen*, war how supported by a nation of, III. 313.

*Husbandry*. See *Agriculture*.

## I.

*Jamaica*, the returns of trade from that island, why irregular, IV. 366.

*Idleness* unfashionable in Holland, I. 147.

*Jewels*. See *Stones*.

*Importation*, why restraints have been imposed on, with the two kinds of, II. 265. How restrained to secure a monopoly of the home-market to domestic industry, 268. The true policy of these restraints doubtful, 269. The free importation of foreign manufactures more dangerous than that of raw materials, 279. How far it may be proper to continue the

# INDEX.

- free importation of certain foreign goods, 291. How far it may be proper to restore the free importation of goods, after it has been interrupted, 294.
- Importation* of the materials of manufacture, review of the legal encouragements given to, III. 235.
- Independents*, the principles of that sect explained, IV. 110.
- Indies*. See *East* and *West*.
- Indostan*, the several classes of people there kept distinct, III. 299. The natives of, how prevented from undertaking long sea voyages, 300.
- Industry*, the different kinds of, seldom dealt impartially with by any nation, I. 4. The species of, frequently local, 26. Naturally suited to the demand, 87. Is increased by the liberal reward of labor, 124. How affected by seasons of plenty and scarcity, 126. Is more advantageously exerted in towns than in the country, 194. The average produce of, always suited to the average consumption, 292.
- is promoted by the circulation of paper money, II. 32. Three requisites to putting industry in motion, 44. How the general character of nations is estimated by, 101. And idleness the proportion between, how regulated, 104. Is employed for subsistence, before it extends to conveniences and luxury, 167. Whether the general industry of a society is promoted by commercial restraints on importation, 269. Private interest naturally points to that employment most advantageous to the society, 270. But without intending or knowing it, 273. Legal regulations of private industry, dangerous assumptions of power, 274. Domestic industry ought not to be employed on what can be purchased cheaper from abroad, 275. Of the society, can augment only in proportion as its capital augments, 276. When it may be necessary to impose some burden upon foreign industry, to favor that at home, 285. The free exercise of industry ought to be allowed to all, 297.
- Industry* the natural effort of every individual to better his condition, with, if unrestrained, resist in the prosperity of the society, III. 68.
- Insurance*, from fire, and sea risks, the nature and profits, of, examined, I. 165.
- the trade of may be successfully carried on by a joint stock company, IV. 56, 57.
- Interest*, landed, monied, and trading, distinguished, II. 127.
- for the use of money, the foundation of that allowance explained, I. 79. Historical view of the alterations of, in England, and other countries, 135. Remarks on the high rates of, in Bengal, 143. And in China, 145. May be raised by defective laws, independent on the influence of wealth or poverty, *ibid*. The lowest ordinary rate of, must somewhat more than compensate

compensate occasional losses, 146.  
The common relative proportion between interest and mercantile profits inquired into, 148.

*Interest* was not lowered in consequence of the discovery of the American mines, II. 131. How the legal rate of, ought to be fixed, 135. Consequences of its being fixed too high or too low, 136. The market rate of, regulates the price of land, 137.

Whether a proper object of taxation, IV. 203.

*Ireland*, why never likely to furnish cattle to the prejudice of Great Britain, II. 279.

the proposed absentee tax there considered, IV. 282. Ought in justice to contribute toward the discharge of the public debt of Great Britain, 368. Expediency of an union with Great Britain, 369.

*Isocrates*, the handsome income he made by teaching, I. 207.

*Italy*, the only great country in Europe, which has been cultivated and improved in every part by means of its foreign commerce, II. 227.

was originally colonized by the Dorians, III. 92.

*Jurisdictions*, territorial, did not originate in the feudal law, II. 214.

*Justice*, the administration of, a duty of the sovereign, III. 338.

In early times a source of revenue to him, 347. The making justice subservient to the revenue, a source of great abuses, 348. Is never administered gratis, 2391.

The whole administration of, but an inconsiderable part of the expense of government, 342. How the whole expense of justice might be defrayed from the fees of court, *ibid.* The interference of the jurisdictions of some several English courts of law, accounted for, 344. Law ill understood, how corrupted, 355. The judicial and executive power, why divided, 357.

*Justice* by whom the expense of the administration of, ought to be borne, IV. 147.

*K.* *Kalm*, the Swedish traveller, his account of the husbandry of the British colonies in North America, I. 349.

*Kelp*, a rent demanded for the rocks on which it grows, I. 344.

*King*, under feudal institutions, no more than the greatest baron in the nation, II. 214. Was unable to restrain the violence of his barons, 216.

treasure trove an important branch of revenue to, IV. 305.

His situation how favorable for the accumulating treasure, 306.

In a commercial country, naturally spends his revenue in luxuries, *ibid.* Is hence driven to call upon his subjects for extraordinary aids, 307.

Mr. his account of the average price of wheat, 1506.

*Kings* and their ministers, the greatest spendthrifts in a country, II. 251.



L.

*Labor*, the fund which originally supplies every nation with its annual consumption, I. I. How the proportion between labor and consumption is regulated, 114. The different kinds of industry seldom deal impartially with by any nation, 2. The division of labor considered, 6. This division increases the quantity of work, 11. Instances in illustration, 17. From what principle the division of labor originates, 19. The divisibility of, governed by the market, 261. Labor the real measure of the exchangeable value of commodities, 44. Different kinds of, not easily estimated by immediate comparison, 45. Is compared by the intermediate standard of money, 46. Is an invariable standard for the value of commodities, 48. Has a real and nominal price, 49. The quantity of labor employed on different objects, the only rule for exchanging them in the rude stages of society, 70. Difference between the wages of labor and profits on stock, in manufactures, 72. The whole labor of a country never exerted, 81. Is in every instance suited to the demand, 87. The effect of extraordinary calls for, 89. The deductions made from the produce of labor employed in a fund, 98. Why dearer in North America than in England, 104. Is cheap in countries that are satiated, 107. The demand for, would

continually, decrease in a declining country, 109. The province of Bengal cited as an instance, 110. Is not badly paid for in Great Britain, 111. An increasing demand for, favorable to population, 121. That of free-men cheaper to the employers than that of slaves, 122. The money price of, how regulated, 130. Is liberally rewarded in new colonies, 140. Common labor and skilful labor distinguished, 155. The free circulation of, from one employment to another, obstructed by corporation laws, 211. The unequal prices of, in different places, probably owing to the law of settlements, 218. Can always procure subsistence on the spot where it is purchased, 297. The money price of, in different countries, how governed, 297. Is set into motion by stock employed for profit, 396. *Labor*, the division of, depends on the accumulation of stock, II. 2. Machines to facilitate labor advantageous to society, 20. Productive and unproductive, distinguished, 93. Various orders of men specified, whose labor is unproductive, 95. Unproductive laborers all maintained by revenue, 97. The price of, how raised by the increase of the national capital, 130. Its price, though nominally raised, may occasion the same, 133. Is liberally rewarded in new colonies, III. 107. Of artificers and manufacturers, never adds any value to the

# INDEX.

whole amount of the rude produce of the land; according to the French agricultural system of political economy, 275. This doctrine shewn to be erroneous, 289. The productive powers of labor, how to be improved, 291.

*Laborers*, useful and productive, every where proportioned to the capital stock on which they are employed, I. 3. Share the produce of their labor, in most cases, with the owners of the stock on which they are employed, 74. Their wages a continued subject of contest between them and their masters, 99. Are seldom successful in their outrageous combinations, 101. The sufficiency of their earnings, a point not easily determined, 102. Their wages sometimes raised by increase of work, 103. Their demands limited by the funds destined for payment, 104. Are continually wanted in North-America, 107. Miserable condition of those in China, 108. Are not ill paid in Great Britain, 111. If able to maintain their families in dear years, they must be at their ease in plentiful seasons, 112. A proof furnished in the complaints of their luxury, 119. Why worse paid than artificers, 146. Their interests strictly connected with the interests of the society, 395.

— labor the only source of their revenue, II. 46.

— effects of a life of labor on the understandings of the poor, IV. 91.

*Land*, the demand of rent for, how founded, I. 74. The rent paid, enters into the price of the greater part of all commodities, 75. Generally produces more food than will maintain the labor necessary to bring it to market, 227. Good roads, and navigable canals, equalize difference of situation, 228. That employed in raising food for men or cattle, regulates the rent of all other cultivated land, 237. 247. Can clothe and lodge more than it can feed; while uncultivated, and the contrary when improved, 242. The culture of land producing food, creates a demand for the produce of other lands, 272. Produces by agriculture a much greater quantity of vegetable, than of animal food, 293. The full improvement of, requires a stock of cattle to supply manure, 345. Cause and effect of the diminution of cottagers, 354. Signs of land being completely improved, 359. The whole annual produce, or the price of it, naturally divides itself into rent, wages, and profits of stock, 394. — the usual price of, depends on the common rate of interest for money, II. 136. The profits of cultivation exaggerated by projectors, 163. The cultivation of, naturally preferred to trade and manufactures, on equal terms, 168. Artificers necessary to the cultivation of, 169. Was all appropriated, though not cultivated, by the northern destroyers of the Roman empire, 173. Origin

# INDEX.

of the law of primogeniture under the feudal government, 174. Entails, 176. Obstacles to the improvement of land under feudal proprietors, 178. Feudal tenures, 182. Feudal taxation, 188. The improvement of land checked in France by the *taille*, *ibid.* Occupiers of, labor under great disadvantages, 189. Origin of long leases of, 220. Small proprietors, the best improvers of, 223. Small purchasers of, cannot hope to raise fortunes by cultivation, 224. *Land*, tenures of, in the British American colonies, III. 119. — is the most permanent source of revenue, IV. 157. The rent of a whole country, not equal to the ordinary levy upon the people, 158. The revenue from, proportioned, not to the rent, but to the produce, 161. Reasons for selling the crown lands, 162. The land-tax of Great Britain considered, 168. An improved land-tax suggested, 173. A land-tax, however equally rated by a general survey, will soon become unequal, 181. Tithes a very unequal tax, 183. Tithes discourage improvement, 184. *Landholders*, why frequently inattentive to their own particular interests, I. 394. — how they contribute to the annual production of the land, according to the French agricultural system of political economy, III. 270. — should be encouraged to cultivate a part of their own land, IV. 175.

*Latin* language, how it became an essential part of university education, IV. 70. *Law*, the language of, how corrupted, III. 346. — did not improve into a science in ancient Greece, IV. 85. Remarks on the courts of justice in Greece and Rome, 86. *Law*, Mr. account of his banking scheme for the improvement of Scotland, II. 72. *Lawyers*, why amply rewarded for their labor, I. 160. — great amount of their fees, III. 351. *Leases*, the various usual conditions of, IV. 73. *Leather*, restrictions on the exportation of unmanufactured, III. 255. *Lectures* in universities, frequently improper for instruction, IV. 65. *Levity*, the vices of, ruinous to the common people, and therefore severely censured by them, IV. 112. *Liberty*, three duties only necessary for a sovereign to attend to, for supporting a system of, III. 308. *Lima*, computed number of inhabitants in that city, III. 112. *Linen* manufacture, narrow policy of the master manufacturers in, III. 230. *Literature*, the rewards of, reduced by competition, I. 206. Was more profitable in ancient Greece, 207. The cheapness of literary education an advantage to the public, 209. *Lodis* of money, the nature of, analyzed, II. 127. The extensive operation of, 128.

*Land and its  
improvement the  
sources of  
all Revenue,  
V. 175.*

**Locke**, Mr. remarks on his opinion of the difference between the market and mint prices of silver bullion, I. 64.

— his account of the cause of lowering the rates of interest for money, examined, II. 131. His distinction between money and moveable goods, 132.

**Lodgings**, cheaper in London, than in any other capital city in Europe, I. 182.

**Logic**, the origin and employment of, IV. 74.

**Lotteries**, the true nature of, and the causes of their success, explained, I. 164.

**Luck**, instances of the universal reliance mankind have on it, I. 164.

**Lutherans**, origin and principles of that sect, IV. 134.

**Luxuries**, distinguished from necessities, IV. 240. Operation of taxes on, 243. The good and bad properties of taxes on, 283.

## M.

**Macedon**, Philip of, the superiority that discipline gave his army over those of his enemies, III. 327.

**Machines** for facilitating mechanical operations, how invented and improved, I. 14. Are advantageous to every society, II. 20.

**Madder**, the cultivation of, long confined to Holland, by English tithes, IV. 185.

**Madeira wine**, how introduced into North-America and Britain, III. 6.

**Malt**, reasons for transferring the duty on brewing to, IV. 272.

**Distillery**, how to prevent smuggling in, 275.

**Manufactures**, the great advantage resulting from a division of labor in, 17. Instances in illustration, 17.

Why profits increase in the higher stages of, 75. Of what parts the gains of manufactures consist, 80. The private advantage of secrets in manufactures, 91.

Peculiar advantages of soil and situation, *ibid.* Monopolies, 92. Corporation privileges, 93.

The deductions made from labor employed on manufactures, 99. Inquiry how far they are affected by seasons of plenty and scarcity, 128.

Are not so materially affected by circumstances in the country where they are carried on, as in the places where they are consumed, 129.

New manufactures generally give higher wages than old ones, 176. Are more profitably carried on in towns than in the open country, 194.

By what means the prices of, are reduced, while the society continues improving, 384. Instances in hard ware, 385.

Instances in the woollen manufacture, 386.

— what fixed capitals are required to carry on particular ones, II. 6. British restraints on manufactures in North-America, 134.

For distant sale, why not established in North-America, 180. Why manufactures are preferred to foreign trade, for the employment of a capital, 171.

Motives to the establishment of manufactures for distant sale, 204. How shifted from one country to another, 205.

Natural circumstances

which contribute to the establishment of them, 206. Their effect on the government and manners of a country, 210. The independence of artisans explained, 217. May flourish amidst the ruin of a country, and begin to decay on the return of its prosperity, 216. The exportation of instruments in, prohibited, 261.

*Manufactures* require a more extensive market than rude produce of the land, III. 300. Were exercised by slaves in ancient Greece, 303. High prices of, in Greece and at Rome, 304. False policy to check manufactures in order to promote agriculture, 307.

———— in Great Britain why principally fixed in the coal countries, IV. 247.

*Manufacturers*, Inquiry how far they might be affected by a freedom of trade, II. 294. Those thrown out of one business can transfer their industry to collateral employments, 297. A spirit of combination among them to support monopolies, 298.

———— prohibited by old statutes from keeping a shop, or selling their own goods by retail, III. 49. An unproductive class of the people according to the French agricultural system of political economy, 273. The error of this doctrine shown, 287. How manufacturers augment the revenue of a country, 292. Why the principal support of foreign trade, 297.

*Manner*, the supply of, in most places depends on the stock of cattle raised, I. 345.

*Maritime* countries, why the first that are civilized and improved, I. 28.

*Martial* spirit, how supported in the ancient republics of Greece and Rome, IV. 97. The want of it now supplied by standing armies, 98. The establishment of a militia little able to support it, 99.

*Mediterranean* sea peculiarly favorable for the first attempts in navigation, I. 30.

*Meggers*, Mr., his account of the annual importation of gold and silver into Spain and Portugal, I. 325. His relative proportion of each, 331.

*Mercantile* system explained, IV. 257.

*Mercenary* troops, origin and reason of, III. 216. The numbers of, how limited, 217.

*Merchants*, their judgments more to be depended on respecting the interests of their particular branches of trade, than with regard to the public interest, I. 397.

———— their capitals altogether circulating, II. 6. Their dealings extended by the aid of bankers notes, 40. 50. Customs of, first established to supply the want of laws, and afterward admitted as laws, 68. The manner of negotiating bills of exchange explained, *ibid.* The pernicious tendency of drawing and redrawing, 59. In what method their capitals are employed, 140. Their capitals dispersed and unfixed, 146. The

# INDEX.

- principles of foreign trade examined, 259. Are the best of improvers, when they turn country-gentlemen, 210. Their preference among the different species of trade, how determined, 270. Are actuated by a narrow spirit of monopoly, 316.
- Merchants*, the several branches of the corn trade specified and considered, III. 40. The government of a company of, the worst a country can be under, 116. Of London not good economists, 238. An unproductive class of men, according to the present agricultural system of political economy in France, 277.
- the quick return of mercantile capitals enables them to advance money to government, IV. 309. Their capitals increased by lending money to the state, 310.
- Mercier*, de la Riviere, M., character of his natural and essential order of political societies, III. 5.
- Metals*, why the best medium of commerce, I. 35. Origin of stamped coins, 37. Why different metals became the standard of value among different nations. 57. The durability of, the cause of the steadiness of their price, 329. On what the quantity of precious metals in every particular country depends, 372.
- restraints upon the exportation of, III. 256.
- Metaphysics*, the science of, explained, IV. 75.
- Mitayers*, description of the class of farmers so called in France, II. 182.
- Methodists*, the teachers among, why popular preachers, IV. 103.
- Methuen*, Mr., translation of the commercial treaty concluded by him between England and Portugal, III. 74. 263.
- Mexico* was a less civilized country than Peru, when first visited by the Spaniards, I. 317.
- present populousness of the capital city, III. 112. Low state of arts at the first discovery of that empire, *ibid.*
- Militia*, why allowed to be formed in cities, and its formidable nature, II. 199.
- the origin and nature of, explained, III. 321. How distinguished from the regular standing army, 322. Must always be inferior to a standing army, 324. A few campaigns of service may make a militia equal to a standing army, 326. Instances, 327.
- Milk*, a most perishable commodity, how manufactured for store, I. 355.
- Mills*, wind and water, their late introduction into England, I. 390.
- Mines*, distinguished by their fertility or barrenness, I. 258. Comparison between those of coal and those of metals, 262. The competition between, extends to all parts of the world, 263. The working of, a lottery, 266. Diamond mines not always worth working, 270. Tax paid to the king of Spain from the Peruvian mines, 314. The discovery of mines not dependent on human skill or industry, 373.

# INDEX.

- Mines* in Hungary, why worked at less expence than the neighbouring ones in Turkey, III. 304.
- Mining*, projects of, uncertain and ruinous, and unfit for legal encouragement, III. 103.
- Mirabeau*, Marquis de, his character of the economical table, III. 296.
- Mississippi* scheme in France, the real foundation of, II. 72.
- Modus* for tithe, a relief to the farmer, IV. 188.
- Money*, the origin of, traced, I. 35. Is the representative of labor, 44. The value of, greatly depreciated by the discovery of the American mines, 47. How different metals became the standard money of different nations, 57. — the only part of the circulating capital of a society, of which the maintenance can diminish their neat revenue, II. 22. Makes no part of the revenue of a society, 23. The term money, in common acceptation, of ambiguous meaning, 24. The circulating money in society, no measure of its revenue, 26. Paper money, 28. The effect of paper on the circulation of cash, 20. Inquiry into the proportion the circulating money of any country bears to the annual produce circulated by it, 35. Paper can never exceed the value of the cash, of which it supplies the place, in any country, 42. The pernicious practice of raising money by circulation explained, 59. The true cause of its exportation, II. 109. Loans of, the principles of, analyzed, 125. Monied interest, distinguished from the landed and trading interest, 127. Inquiry into the real causes of the reduction of interest, 131. Money and wealth synonymous terms in popular language, 231. And moveable goods compared, 232. The accumulation of, studied by the European nations, 234. The mercantile arguments for liberty to export gold and silver, *ibid.* The validity of these arguments examined, 237. Money and goods mutually the price of each other, 240. Over-trading causes complaints of the scarcity of money, 244. Why more easy to buy goods with money, than to buy money with goods, 245. Inquiry into the circulating quantity of, in Great Britain, 252. Effect of the discovery of the American mines on the value of, 260. Money and wealth different things, 268. Bank money explained, 312. See *Coins, Gold, and Silver.*
- Monopolies* in trade or manufactures, the tendency of, I. 92. Are enemies to good management, 239. — tendency of making a monopoly of colony trade, III. 179. Countries which have colonies, obliged to share their advantages with many other countries, 211. The chief engine in the mercantile system, 215. How monopolies derange the natural distribution of the stock of the society, 217. Are supported by unjust and cruel laws, 243. — of a temporary nature, how far justifiable, IV. 52.

# INDEX.

- Perpetual monopolies injurious to the people at large, 53.
- Montauban*, the inequalities in the predial, taille in that generality, how rectified, IV. 182.
- Montesquieu*, reasons given by him for, the high rates of interest among all Mahometan nations, I. 146.
- examination of his idea of the cause of lowering the rate of interest, of money, II. 131.
- Morality*, two different systems of, in every civilized society, IV. 111. The principal points of distinction between them, 112. The ties of obligation in each system, 113. Why the morals of the common people are more regular in sectaries than under the established church, 114. The excesses of, how to be corrected, 115.
- Morellet*, M., his account of joint stock companies, defective, IV. 54.
- Mun*, Mr., his illustration of the operation of money exported for commercial purposes, II. 235.
- Muse*, why a part of the ancient Grecian education, IV. 81. And dancing, great amusements among barbarous nations, 82.
- N.
- Nations*, sometimes driven to inhuman customs, by poverty, I. 2. The number of useful and productive laborers in, always proportioned to the capital stock on which they are employed, 3. The several sorts of industry, seldom dealt impartially by, 4. Maritime nations, why the first improved, 28.
- Nations*, how ruined by a neglect of public œconomy, II. 112. Evidences of the increase of a national capital, 115. How the expenses of individuals may increase the national capital, 120.
- Navigation*, inland, a great means of improving a country in arts and industry, I. 31. The advantages of, 229.
- may be successfully managed by joint stock companies, IV. 56.
- act of England, the principal dispositions of, II. 284. Motives that dictated this law, 286. Its political and commercial tendency, 287.
- its consequences, so far as it affected the colony trade with England, III. 158. Diminished the foreign trade with Europe, 160. Has kept up high profits in the British trade, 161. Subjects Britain to a disadvantage in every branch of trade of which she has not the monopoly, 163.
- Necessaries* distinguished from luxuries, IV. 240. Operation of taxes on, 242. Principal necessities taxed, 246.
- Negro slaves*, why not much employed in raising corn in the English colonies, II. 181. Why more numerous on sugar, than on tobacco plantations, 182.
- Nile*, river, the cause of the early improvement of agriculture and manufactures in Egypt, I. 31.
- 
- Oats*, bread made of, not so suitable to the human constitution, as that made of wheat, I. 251.



# INDEX.

*Deismists*, sect of, in France, *Parfimony* is the immediate cause of their political tenets, III. 270.  
*Ontology*, the science of, explained, Promotes industry, 106. Frugal men public benefactors, 110.  
*Oxford*, the professorships there, ——— is the only means by which *sinécures*, IV. 62. artificers and manufacturers can add to the revenue and wealth of society, according to the French agricultural system of political economy, III. 276.

## P.

*Paper money*, the credit of, how established, II. 28. The operation of paper money explained, 29. Its effect on the circulation of cash, 30. Promotes industry, 32. Operation of the several banking companies established in Scotland, 36. Can never exceed the value of the gold and silver, of which it supplies the place, in any country, 42. Consequences of too much paper being issued, 43. The practice of drawing and redrawing explained, with its pernicious effects, 58. The advantages and disadvantages of paper credit stated, 77. Ill effects of notes issued for small sums, 81. Suppressing small notes, renders money more plentiful, 82. The currency of, does not affect the prices of goods, 84. Account of the paper currency in North-America, 87.  
 ——— expedient of the government of Pennsylvania to raise money, IV. 155. Why convenient for the domestic purposes of the North-Americans, 361.  
*Paris* enjoys little more trade than is necessary for the consumption of its inhabitants, II. 103.  
*Paris* ministers, evils attending vesting the election of, in the people, IV. 136.  
*Pasture* land, under what circumstances more profitable than arable land, I. 232. Why it ought to be inclosed, 234.  
*Patronage*, the right of, why established in Scotland, IV. 137.  
*Pay*, military, origin and reason of, III. 316.  
*Pennsylvania*, account of the paper currency there, II. 89.  
 ——— good consequences of the government there having no religious establishment, IV. 110. Derive a revenue from their paper currency, 362.  
*People*, how divided into productive and unproductive classes, according to the present French system of agricultural political economy, III. 270. The unproductive class, greatly useful to the others, 278. The great body ●, how rendered unwarlike, 321.  
 ——— the different opportunities of education in the different ranks of, IV. 94. The inferior ranks of, the greatest consumers, 267. The luxurious expenses of these ranks ought only to be taxed, 270.  
*Persecution* for religious opinions, the true cause of, IV. 103.

# INDEX

- Pern**, the discovery of the silver mines in, occasioned those in Europe to be in a great measure abandoned, I. 263. These mines yield but small profit to the proprietors, 264. Tax paid to the king of Spain from these mines, 314. The early accounts of the splendor and state of arts in this country, greatly exaggerated, 317. Present state of, under the Spanish government, 318. The working of the mines there become gradually more expensive, 335.
- low state of arts there when first discovered, III. 112. Is probably more populous now, than at any former period, 113.
- Philosophy**, natural, the origin and objects of, IV. 72. Moral, the nature of, explained, 73. Logic, the origin and employment of, 74.
- Physicians**, why amply rewarded for their labor, I. 160.
- Physic**, the ancient system of, explained, IV. 75.
- Pinmaking**, the extraordinary advantage of a division of labor in this art, I. 7.
- Plate** of private families, the melting it down to supply state exigencies, an insignificant resource, II. 251.
- new plate is chiefly made from old, III. 82.
- Ploughmen**, their knowledge more extensive than the generality of mechanics, I. 197.
- Pneumatics**, the science of, explained, IV. 75.
- Pierre**, M. his account of the agriculture of Cochin China, I. 244.
- Poland**, a country still kept in poverty by the feudal system of its government, I. 376.
- Political**, economy, the two distinct objects, and two different systems of, II. 230.
- the present agricultural system of, adopted by French philosophers, described, III. 267. Classes of the people who contribute to the annual produce of the land, 270. How proprietors contribute, *ibid.* How cultivators contribute, 271. Artificers and manufacturers, unproductive, 273. The unproductive classes maintained by the others, 277. Bad tendency of restrictions and prohibitions in trade, 283. How this system is delineated by M. Quesnai, 285. The bad effects of an injudicious political economy, how corrected, 287. The capital error in this system pointed out, *ibid.*
- Poll taxes**, origin of, under the feudal government, II. 193.
- why esteemed badges of slavery, IV. 218. The nature of, considered, 236.
- Poor**, history of the laws made for the provision of, in England, I. 212.
- Pope** of Rome, the great power formerly assumed by, IV. 122. His power now reduced, 127. Rapid progress of the reformation, 131.
- Population**, riches and extreme poverty equally unfavorable to, I. 120. Is limited by the means of subsistence, 121. 255.

- Barter*, the proportion of malt used in the brewing of, IV. 272.
- Portugal*, the cultivation of the country not advanced by its commerce, II. 227.
- the value of gold and silver there, depreciated by prohibiting their exportation, III. 20. Trans- action of the commercial treaty con- cluded in 1703 with England, 74. A large share of the Portugal gold sent annually to England, 76. Motives that led to the discovery of a passage to the East, round the Cape of Good Hope, 96. Lost its manufactures by acquiring rich and fertile colonies, 181.
- Post-office*, a mercantile project well calculated for being managed by a government, IV. 152.
- Potatoes*, remarks on, as an article of food, I. 239. Culture, and great produce of, 240. The dif- ficulty of preserving them, the great obstacle to cultivating them for general diet, 251.
- Poverty* sometimes urges nations, to inhuman customs, I. 2. Is no check to the production of children, 119. But very unfavorable to raising them, 120.
- Poultry*, the cause of their cheap- ness, I. 352. Is a more impor- tant article of rural economy in France than in England, 353.
- Pragmatic sanction* in France, the object of, IV. 229. Is followed by the concordat, 232.
- Preferments*, ecclesiastical, the means by which a national clergy ought to be managed by the civil ma- gistrate, IV. 119. Alterations in the mode of electing to them, 121. 129.
- Presbyterian* church-government, the nature of, described, IV. 138.
- Character of the clergy of, 139. 145.
- Prices*, real and nominal, of com- modities distinguished, I. 49. Money price of goods explained, 70. Rent for land enters into the price of the greater part of all commodities, 75. The compo- nent parts of the prices of goods explained, *ibid.* Natural and market prices distinguished, and how governed, 82. 132.
- Prices*, though raised at first by an increase of demand, are always reduced by it in the result, IV. 43.
- Primogeniture*, origin and motive of the law of succession by, under the feudal government, II. 174. Is contrary to the real interests of families, 176.
- Prizes*, why not well calculated to manage mercantile projects for the sake of a revenue, IV. 153.
- Prodigality*, the natural tendency of, both to the individual and to the public, II. 105. Prodigal men enemies to their country, 110.
- Produce* of land and labor, the source of all revenue, II. 96. The value of, how to be increas- ed, 113.
- Professors* in universities, circum- stances which determine their merit, IV. 140.
- Profit*, the various articles of gain that pass under the common idea of, I. 80. An average rate of, in all countries, 82. Averages of, extremely difficult to ascer- tain, 134. Interest of money the best standard of, 135. The dimi- nution of, a natural consequence

# INDEX.

of prosperity, 139. Clear, and gross profit, distinguished, 146. The nature of the highest ordinary rate of, defined, 147. Double interest, deemed in Great Britain, reasonable mercantile profit, 148. In thriving countries a low profit may compensate the high wages of labor, 149. The operation of high profits and high wages, compared, *ibid.*. Compensates inconveniences and disgrace, 154. Of stock, how affected, 170. Large profits must be made from small capitals, 172. Why goods are cheaper in the metropolis than in country villages, 173. Great fortunes more frequently made by trade in large towns than in small ones, 174. Is naturally low in rich, and high in poor countries, 396.

*Profit*, how that of the different classes of traders is raised, II. 142. private, the sole motive of employing capitals in any branch of business, 162.

— when raised by monopolies, encourages luxury, III. 186.

*Projects*, unsuccessful, in arts, injurious to a country, II. 181.

*Property*, passions which prompt mankind to the invasion of, III. 339. Civil government necessary for the protection of, *ibid.* Wealth a source of authority, 341. 345.

*Provisions*, how far the variations in the price of, affect labor and industry, I. 112. 126. 130. Whether cheaper in the metropolis, or in country villages, 173. The prices of, better regulated by

competition than by law, 222. A rise in the prices of, must be uniform, to show that it proceeds from a depreciation of the value of silver, 379.

*Provisors*, object of the statute of, in England, IV. 129.

*Prussia*, mode of assessing the land-tax there, IV. 179.

*Public works and institutions*, how to be maintained, IV. 1. Equity of tolls for passage over roads, bridges, and canals, 4. Why government ought not to have the management of turnpikes, 8. Nor of other public works, 14.

*Purveyance*, a service still exacted in most parts of Europe, II. 188.

## Q.

*Quakers* of Pennsylvania, inference from their resolution to emancipate all their negro-slaves, II. 175.

*Quefnay*, Mr., view of his agricultural system of political economy, III. 285. His doctrine generally subscribed to, 284.

*Quito*, populousness of that city, III. 112.

## R.

*Reformation*, rapid progress of the doctrines of, in Germany, IV. 131. In Sweden, and Switzerland, 132. In England, and Scotland, 133. Origin of the Lutheran and Calvinistic sects, 134.

*Regulated companies*. See *Companies*.

*Religion*, the object of instruction in, IV. 101. Advantage the teachers of a new religion enjoy over those of one that is established, 102.

*Proprietors*  
*small*  
II, 225

# INDEX.

- Origin of perfection for heretical opinions, 103. How the zeal of the inferior clergy of the church of Rome is kept alive, 104. Utility of ecclesiastical establishments, 107. How united with the civil power, 108.
- Rent*, reserved, ought not to consist of money, I. 93. But of corn, 51. Of land, constitutes a third part of the price of most kinds of goods, I. 75. An average rate of, in all countries, and how regulated, 82. Makes the first deduction from the produce of labor employed upon land, 98. The terms of, how adjusted between landlord and tenant, 223. Is sometimes demanded for what is altogether incapable of human improvement, 224. Is paid for, and produced by, land in almost all situations, 227. The general proportion paid for coal mines, 262. And metal mines, 264. Mines of precious stones frequently yield no rent, 270. How paid in ancient times, 284. Is raised either directly or indirectly, by every improvement in the circumstances of society, 392.
- gross and neat rent distinguished, II. 18. How raised and paid under feudal government, 100. Present average proportion of, compared with the produce of the land, *ibid.*
- of houses distinguished into two parts, IV. 189. Difference between rent of houses, and rent of land, 193. Rent of a house the best estimate of a tenant's circumstances, 194.
- Retainers*, under the feudal system of government, described, II. 211. How the connexion between them and their lords was broken, 217.
- Revenue*, the original sources of, pointed out, I. 78.
- of a country, of what it consists, II. 18. The neat revenue of a society diminished by supporting a circulating stock of money, 22. Money no part of revenue, 23. Is not to be computed in money, but in what money will purchase, 25. How produced, and how appropriated, in the first instance, 96. Produce of land, *ibid.* Produce of manufactures, 97. Must always replace capital, *ibid.* The proportion between revenue and capital, regulates the proportion between idleness and industry, 104. Both the savings and the spendings of, annually consumed, 106. Of every society, equal to the exchangeable value of the whole produce of its industry, 273.
- of the customs, increased by drawbacks, III. 8. Why government ought not to take the management of turnpikes, to derive a revenue from them, IV. 8. Public works of a local nature, always better maintained by provincial revenues, than by the general revenue of the state, 146.
- The abuses in provincial revenues trifling, when compared with those in the revenue of a great empire, 15. The greater the revenue of the church, the smaller must be that of the state, 143. The revenue of the state ought

# INDEX.

to be raised proportionably from the whole society, 147. Local expenses ought to be defrayed by a local revenue, 148. Inquiry into the sources of public revenue, 150. Of the republic of Ham-  
burgh, 151. 155. Whether the government of Britain could undertake the management of the Bank, to derive a revenue from it, 152. The post-office a mercantile project well calculated for being managed by government, *ibid.* Princes not well qualified to improve their fortunes by trade, 153. The English East India company good traders before they became sovereigns, but each character now spoils the other, 154. Expedient of the government of Pennsylvania to raise money, 155. Rent of land the most permanent fund, 157. Fendal revenues, 158. Great Britain, 159. Revenue from land proportioned, not to the rent, but to the produce, 161. Reasons for selling the crown lands, 162. An improved land-tax suggested, 173. The nature and effect of tithes explained, 183. Why a revenue cannot be raised in kind, 187. When raised in money, how affected by different modes of valuation, *ibid.* A proportionable tax on houses, the best source of revenue, 194. Remedies for the diminution of, according to their causes, 269. Bad effects of farming out public revenues, 299. The different sources of revenue in France, 298. How expended, in the rude state of society, 303. *Sources of revenue, land and capital, see, V. 298.*

*Rice*, a very productive article of cultivation, I. 248. Requires a soil unfit for raising any other kind of food, 249. Rice countries more populous than corn countries, 321.  
*Riches*, the chief enjoyment of, consists in the parade of, I. 269.  
*Risk*, instances of the inattention mankind pay to it, I. 165.  
*Roads*, good, the public advantages of, I. 229.  
— how to be made and maintained, IV. 3. The maintenance of, why improper to be trusted to private interest, 6. General state of, in France, II. In China, 12.  
*Romans*, why copper became the standard of value among them, I. 57. The extravagant prices paid by them for certain luxuries for the table, accounted for, 341. The value of silver higher among them than at the present time; *ibid.*  
— the republic of, founded on a division of land among the citizens, III. 93. The agrarian law only executed upon one or two occasions, 94. How the citizens who had no land, subsisted, *ibid.* Distinction between the Roman and Greek colonies, 95. The improvement of the former slower than that of the latter, 110. Origin of the social war, 201. The republic ruined by extending the privilege of Roman citizens to the greater part of the inhabitants of Italy, 205. When contributions were first raised to maintain those who went

# INDEX.

- to the wars, 315. Soldiers not a distinct profession there, 319. Improvement of the Roman armies by discipline, 329. How that discipline was lost, 330. The fall of the Western empire, how effected, 332.
- Romans*, remarks on the education of the ancient, IV. 81. Their morals superior to those of the Greeks, 82. State of law and forms of justice, 85. The martial spirit of the people, how supported, 97. Great reductions of the coin practised by, at particular exigencies, 345.
- Rome*, modern, how the zeal of the inferior clergy of, is kept alive, IV. 104. The clergy of, one great spiritual army dispersed in different quarters over Europe, 122. Their power during the feudal monkish ages similar to that of the temporal barons, 123. Their power how reduced, 127.
- Rouen*, why a town of great trade. II. 102.
- Ruddiman*, Mr., remarks on his account of the ancient price of wheat in Scotland, I. 287.
- Russia* was civilized under Peter I. by a standing army, III. 334.
- S.
- Sailors*, why no sensible inconvenience felt by the great numbers disbanded at the close of a war, II. 295.
- Salt*, account of foreign salt imported into Scotland, and of Scots salt delivered duty free, for the fishery, III. *Append.*
- Salt* is an object of heavy taxation every where, IV. 246. The collection of the duty on, expensive, 285.
- Sardinia*, the land-tax how affected there, IV. 281.
- Saxon* lords, their authority and jurisdiction as great before the conquest, as those of the Normans were afterward, II. 214.
- Schools*, parochial, observations on, IV. 96.
- Science* is the great antidote to the poison of enthusiasm and superstition, IV. 115.
- Scipio*, his Spanish militia, rendered superior to the Carthaginian militia by discipline and service, III. 329.
- Scotland*, compared with England, as to the prices of labor and provisions, I. 114. Remarks on the population of the Highlands, 120. The market rate of interest, higher than the legal rate, 137. The situation of cottagers there, described, 179. Apprenticeships and corporations, 187. The common people of, why neither so strong nor so handsome as the same class in England, 251. Cause of the frequent emigrations from, 297. Progress of agriculture there before the union with England, 345. Present obstructions to better husbandry, 348. The price of wool reduced by the union, 369. — operation of the several banking companies established there, II. 36. Amount of the circulating money there before the union, 37. Amount of the present circulating money, 37.

not taken in the  
 1792

- circulating cash, 38. Course of dealings in the Scots bank, *ibid.* Difficulties occasioned by these banks issuing too much paper, 46. Necessary caution for some time observed by the banks in giving credit to their customers, with the good effects of it, 50. The scheme of drawing and re-drawing adopted by traders, 57. Its pernicious tendency explained, 59. History of the Ayr bank, 65. Mr. Law's scheme to improve the country, 72. The prices of goods in, not altered by paper currency, 84. Effect of the optional clauses in their notes, 86.
- Scotland*, cause of the speedy establishment of the reformation there, IV. 133. The disorders attending popular elections of the clergy there, occasion the right of patronage to be established, 137. Amount of the whole revenue of the clergy, 144.
- Sea* service and military service by land, compared, I. 167.
- Sees* in religion, the more numerous, the better society, IV. 109. Why they generally profess the austere system of morality, 113.
- Self-love* the governing principle in the intercourse of human society, I. 21.
- Servants*, menial, distinguished from hired workmen, II. 93. The various orders of men, who rank in the former class, in reference to their labors, 95.
- their labor unproductive, III. 288.
- Settlements* of the poor, brief review of the English laws relating to, I. 212. The removals of the poor, a violation of natural liberty, 219.
- the law of, ought to be repealed, II. 297.
- Sheep*, frequently killed in Spain, for the sake of the fleece and the tallow, I. 361.
- severe laws against the exportation of them and their wool, III. 243.
- Shepherds*, war how supported by a nation of, III. 311. Inequality of fortune among, the source of great authority, 343. Birth and family highly honored in nations of shepherds, 344. Inequality of fortune first began to take place in the age of shepherds, 345. And introduced civil government, 346.
- Shetland*, how rents are estimated and paid there, I. 224.
- Silk* manufacture, how transferred from Lucca to Venice, II. 205.
- Silver*, the first standard coinage of the northern subverters of the Roman empire, I. 58. Its proportional value to gold, regulated by law, 59. Is the measure of the value of gold, 60. Mint price of silver in England, 63. Inquiry into the difference between the mint and market prices of bullion, 64. How to preserve the silver coin from being melted down for profit, 66. The mines of, in Europe, why generally abandoned, 263. Evidences of the small profit they yield to proprietors in Peru, 264. Qualities



# INDEX

- for which this metal is valued, 269. The most abundant mines of, would add little to the wealth of the world, 271. But the increase in the quantity of, would depreciate its own value, 275. Circumstances that might counteract this effect, *ibid.* Historical view of the variations in the value of, during the four last centuries, 276. Remarks on its rise in value compared with corn, 282. Circumstances that have misled writers in reviewing the value of silver, 284. Corn the best standard for judging of the real value of silver, 293. The price of, how affected by the increase of quantity, 294. The value of, sunk by the discovery of the American mines, 300. When the reduction of its value from this cause appears to have been completed, 301. Tax paid from the Peruvian mines to the king of Spain, 314. The value of silver kept up by an extension of the market, 315. Is the most profitable commodity that can be sent to China, 323. The value of, how proportioned to that of gold, before and after the discovery of the American mines, 330. The quantity commonly in the market in proportion to that of gold, probably greater than their relative values indicate, 332. The value of, probably rising, and why, 336. The opinion of a depreciation of its value, not well founded, 380.
- Silver*, the real value of, degraded by the bounty on the exportation of corn, III. 17.
- Sinking fund* in the British finances, explained, IV. 319. Is inadequate to the discharge of former debts, and almost wholly applied to other purposes, 327. Motives to the misapplication of it, 328.
- Slaves*, the labor of, dearer to their masters than that of free men, I. 122.
- under feudal lords, circumstances of their situation, II. 179. Countries where this order of men still remains, 180. Why the service of slaves is preferred to that of free men, 181. Their labor why unprofitable, 182. Causes of the abolishing of slavery throughout the greater part of Europe, 183.
- receive more protection from the magistrate in an arbitrary government, than in one that is free, III. 144. Why employed in manufactures by the ancient Grecians, 302. Why no improvements are to be expected from them, 303.
- Smuggling*, a tempting, but generally a ruinous employment, I. 170.
- encouraged by high duties, IV. 259. Remedies against, 263. The crime of, morally considered, 287.
- Society*, human, the first principles of, I. 21.
- Soldiers*, remarks on their motives for engaging in the military line, I. 167. Comparison between the land and sea service, *ibid.*

# I N D E X.

*Soldiers*, why no sensible inconvenience is felt by the disbanding of great numbers after a war is over, II. 296.

— reason of their first serving for pay, III. 316. How they became a distinct class of the people, 321. How distinguished from the militia, 322. Alteration in their exercise produced by the invention of fire-arms, 323.

*South Sea* company, amazing capital once enjoyed by, IV. 33. Mercantile and stock-jobbing projects of, 37. Affiento contract, 38. Whale fishery, *ibid.* The capital of, turned into annuity stock, 39. 316.

*Sovereign* and trader, inconsistent characters, IV. 154.

— three duties only, necessary for him to attend to, for supporting a system of natural liberty, III. 308. How he is to protect the society from external violence, 310. 336. And the members of it, from the injustice and oppression of each other, 338. And to maintain public works and institutions, IV. 1.

*Spain*, one of the poorest countries in Europe, notwithstanding its rich mines, I. 377.

— its commerce has produced no considerable manufactures for distant sale, and the greater part of the country remains uncultivated, II. 227. Spanish mode of estimating their American discoveries, 232.

— the value of gold and silver there, depreciated by laying a tax on the exportation of them, III. 20.

Agriculture and manufactures there, discouraged by the redundancy of gold and silver, 21. Natural consequences that would result from taking away this tax, 22. The real and pretended motives of the court of Castile for taking possession of the countries discovered by Columbus, 101. The tax on gold and silver, how reduced, 102. Gold, the object of all the enterprises to the new world, 103. The colonies of, less populous than those of any other European nation, 112. Asserted an exclusive claim to all America, until the miscarriage of their invincible armada, 115. Policy of the trade with the colonies, 125. The American establishments of, effected by private adventurers, who received title beyond permission from the government, 146. Lost manufactures by acquiring rich and fertile colonies, 181.

*Spain*, the alcavala tax there explained, IV. 290. The ruin of the Spanish manufactures attributed to it, 291.

*Speculation*, a distinct employment in improved society, I. 16. Speculative merchants described, 175.

*Stage*, public performers on, paid for the contempt attending their profession, I. 263.

— the political use of dramatic representations, IV. 115.

*Stamp* duties in England and Holland, remarks on, IV. 225. 230.

*Steel-bow* tenants in Scotland, what, II. 184.

# INDEX.

- Stock*, the profits raised on, in manufactures, explained, I. 72. In trade, an increase of, raises wages, and diminishes profit, 133. Must be larger in a great town than in a country village, 136. Natural consequences of a deficiency of stock in new colonies, 140.
- The profits on, little affected by the easiness or difficulty of learning a trade, 156. But by the risk, or disagreeableness of the business, 170. Stock employed for profit, sets into motion the greater part of useful labor, 396.
- no accumulation of, necessary in the rude state of society, II. 1. The accumulation of, necessary to the division of labor, 2.
- Stock distinguished into two parts, 5. The general stock of a country or society, explained, 8. Houses, *ibid.* Improved land, 10. Personal abilities, 11. Money and provisions, *ibid.* Raw materials and manufactured goods, 12. Stock of individuals, how employed, 15. Is frequently buried or concealed, in arbitrary countries, 16. The profits on, decrease, in proportion as the quantity increases, 101. On what principles stock is lent and borrowed at interest, 125.
- that of every society divided among different employments, in the proportion most agreeable to the public interest, by the private views of individuals, III. 215. The natural distribution of, deranged by monopolizing systems, 217. Every derangement of, injurious to the society, 219.
- Mercantile, is barren and unproductive, according to the French agricultural system of political economy, 274.
- Stock*, how far the revenue from, is an object of taxation, IV. 201. A tax on, intended under the land tax, 205.
- Stockings*, why cheaply manufactured in Scotland, I. 181. When first introduced into England, 389.
- Stone* quarries, their value depends on situation, I. 254. 274.
- Stones*, precious, of no use but for ornament, and how the price of, is regulated, I. 270. The most abundant mines of, would add little to the wealth of the world, 271.
- Subordination*, how introduced into society, III. 340. Personal qualifications, *ibid.* Age and fortune, 341. Birth, 343. Birth and fortune two great sources of personal distinction, 344.
- Subsidy*, old, in the English customs, the drawbacks upon, III. 2. — origin and import of the term, IV. 256.
- Sugar*, a very profitable article of cultivation, I. 243. II. 181. — drawbacks on the exportation of, from England, III. 3. Might be cultivated by the drill plough, instead of all hand labor by slaves, 143. — a proper subject for taxation, as an article sold at a monopoly price, IV. 279.
- Sumptuary* laws superfluous restraints on the common people, II. 119.
- Surinam*, present state of the Dutch colony there, III. 116.

# I N D E X.

*Switzerland*, establishment of the reformation in Berne and Zurich, IV. 132. The clergy there zealous and industrious, 145. Taxes how paid there, 208. 224.

## T.

*Taille*, in France, the nature of that tax, and its operation, explained, II. 188. IV. 212.

*Talents*, natural, not so various in different men as is supposed, I. 23.

*Tartars*, their manner of conducting war, III. 311. Their invasions dreadful, 313.

*Tavernier*, his account of the diamond mines of Golconda and Vissapour, I. 270.

*Taxes*, the origin of, under the feudal government, II. 193.

— the sources from whence they must arise, IV. 164. Unequal taxes, 165. Ought to be clear and certain, *ibid.* Ought to be levied at the times most convenient for payment, 166. Ought to take as little as possible out of the pockets of the people, more than is brought into the public treasury, *ibid.* How they may be made more burdensome to the people than beneficial to the sovereign, *ibid.* The land-tax of Great-Britain, 168. Land tax at Venice, 172. Improvements suggested for a land-tax, 173. Mode of assessing the land-tax in Prussia, 179. Tithes a very unequal tax, and a discouragement to improvement, 183. Operation of tax on house rent, payable by the tenant, 190. A proportionable tax on houses, the

best source of revenue, 194. How far the revenue from stock is a proper object of taxation, 201. Whether interest of money is proper for taxation, 203. How taxes are paid at Hamburgh, 207. In Switzerland, 208. Taxes upon particular employments, 210. Poll taxes, 218. Taxes, badges of liberty, *ibid.* Taxes upon the transfer of property, 221. Stamp duties, 225. On whom the several kinds of taxes principally fall, 226. Taxes upon the wages of labor, 230. Capitations, 236. Taxes upon consumable commodities, 240. Upon necessities, 242. Upon luxuries, 243. Principal necessities taxed, 246. Absurdities in taxation, 248. Different parts of Europe very highly taxed, 249. Two different methods of taxing consumable commodities, 250. Sir Matthew Decker's scheme of taxation considered, 251. Excise and customs, 254. Taxation sometimes not an instrument of revenue, but of monopoly, 259. Improvements of the customs suggested, 262. Taxes paid in the price of a commodity little adverted to, 285. On luxuries, the good and bad properties of, *ibid.* Bad effects of farming them out, 295. How the finances of France might be reformed, 299. French and English systems of taxation compared, 300. New taxes always generate discontent, 328. How far the British system of taxation might be applicable to all the different provinces of the empire,

# INDEX.

350. Such a plan might speedily discharge the national debt, 357.
- Tea*, great importation and consumption of that drug in Britain, I. 320.
- Teachers* in universities, tendency of endowments to diminish their application, IV. 61. The jurisdictions to which they are subject, little calculated to quicken their diligence, 62. Are frequently obliged to gain protection by servility, 63. Defects in their establishments, 65. Teachers among the ancient Greeks and Romans, superior to those of modern times, 88. Circumstances which draw good ones to, or drain them from, universities, 140. Their employment naturally renders them eminent in letters, 142.
- Tenures*, feudal, general observations on, II. 99. Described, 174.
- Theology*, monkish, the complexion of, IV. 77.
- Tin*, average rent of the mines of, in Cornwall, I. 264. Yield a greater profit to the proprietors than the silver mines of Peru, 265. Regulations under which tin-mines are worked, 266.
- Tithes*, why an unequal tax, IV. 183. The levying of, a great discouragement to improvement, 184. The fixing a modus for, a relief of the farmer, 188.
- Tobacco*, the culture of, why restrained in Europe, I. 245. Not so profitable an article of cultivation in the West-Indies as sugar, 246.
- Tobacco*, the amount and course of the British trade with, explained, II. 160.
- the whole duty upon, drawn back on exportation, III. 3. Consequences of the exclusive trade Britain enjoys with Maryland and Virginia in this article, 156.
- Tolls*, for passage over roads, bridges, and navigable canals, the equity of, shown, IV. 4. Upon carriages of luxury, ought to be higher than upon carriages of utility, 5. The management of turnpikes often an object of just complaint, 7. Why government ought not to have the management of turnpikes, 8. 280.
- Tonnage* and poundage, origin of those duties, IV. 255.
- Tontine* in the French finances, what, with the derivation of the name, IV. 322.
- Toulouse*, salary paid to a counsellor or judge in the parliament of, III. 353.
- Towns*, the places where industry is most profitably exerted, I. 194. The spirit of combination prevalent among manufacturers, 195. 200.
- according to what circumstances the general character of the inhabitants, as to industry, is formed, II. 102. The reciprocal nature of the trade between them and the country, explained, 165. Subsist on the surplus produce of the country, 167. How first formed, 169. Are continual fairs, *ibid.* The original poverty and servile state of the

# INDEX.

inhabitants of, 192. Their early exemptions and privileges, how obtained, 193. The inhabitants of, obtained liberty much earlier than the occupiers of land in the country, 194. Origin of free burghs, *ibid.* Origin of corporations, 195. Why allowed to form militia, 199. How the increase and riches of commercial towns contributed to the improvement of the countries to which they belonged, 209.

*Trade*, double interest deemed a reasonable mercantile profit in, I. 148.

— four general classes of equally necessary to, and dependent on, each other, II. 138. Wholesale, three different sorts of, 151. The different returns of home and foreign trade, 153. The nature and operation of the carrying trade examined, 156. The principles of foreign trade examined, 159. The trade between town and country explained, 165. Original poverty and servile state of the inhabitants of towns, under feudal government, 192. Exemptions and privileges granted to them, 193. Extension of commerce by rude nations selling their own raw produce for the manufactures of more civilized countries, 203. Its salutary effects on the government and manners of a country, 211. Subverted the feudal authority, 217. The independence of tradesmen and artisans, explained, 219. The capitals acquired by, very precarious, until some part has been realized

by the cultivation and improvement of land, 228. Overtrading, the cause of complaints of the scarcity of money, 244. The importation of gold and silver not the principal benefit derived from foreign trade, 259. Effect produced in trade and manufactures by the discovery of America, 261. And by the discovery of a passage to the East Indies round the Cape of Good Hope, 262. Error of commercial writers in estimating national wealth by gold and silver, 264. Inquiry into the cause and effect of restraints upon trade, 265. Individuals, by pursuing their own interest, unknowingly promote that of the public, 273. Legal regulations of trade, unsafe, 274. Retaliatory regulations between nations, 292. Measures for laying trade open, ought to be carried into execution slowly, 299. Policy of the restraints on trade between France and Britain considered, 303. No certain criterion to determine on which side the balance of trade between two countries turns, 304. Most of the regulations of, founded on a mistaken doctrine of the balance of trade, 327. Is generally founded on narrow principles of policy, 335.

*Trade*, drawbacks of duties, III. 1.

The dealer who employs his whole stock in one single branch of business, has an advantage of the same kind with the workman who employs his whole labor on a single operation, 51. Consequences of drawing it from a

# INDEX.

- number of small channels into one great channel, 173. Colony trade, and the monopoly of that trade, distinguished, 178. The interest of the consumer constantly sacrificed to that of the producer, 263. Advantages attending a perfect freedom of, to landed nations, according to the present agricultural system of political œconomy in France, 281. Origin of foreign trade, 282. Consequences of high duties and prohibitions, in landed nations, 283. 285. How trade augments the revenue of a country, 292. Nature of the trading intercourse between the inhabitants of towns and those of the country, 306.
- Trades*, cause and effect of the separation of, I. 9. Origin of, 22.
- Transit duties* explained, IV. 281.
- Travelling* for education, summary view of the effects of, IV. 80.
- Treasures*, why formerly accumulated by princes, II. 258.
- Treasure trove*, the term explained, II. 16. Why an important branch of revenue under the ancient feudal governments, IV. 305.
- Turkey company*, short historical view of, IV. 22.
- Turnpikes*. See *Tolls*.
- ## V.
- Value*, the term defined, I. 42.
- Vedius Pollio*, his cruelty to his slaves checked by the Roman emperor Augustus, which could not have been done under the republican form of government, III. 145.
- Venice*, origin of the silk manufacture in that city, II. 205.
- Venice* traded in East India goods before the sea track round the Cape of Good Hope was discovered, III. 96.
- nature of the land-tax in that republic, IV. 172.
- Venison*, the price of, in Britain, does not compensate the expense of a deer park, I. 351.
- Vicesima hæreditatum* among the ancient Romans, the nature of, explained, IV. 221.
- Villages*, how first formed, II. 169.
- Villénage*, probable cause of the wearing out of that tenure in Europe, II. 183.
- Vineyard*, the most profitable part of agriculture, both among the ancients and moderns, I. 239. Great advantages derived from peculiarities of soil in, 242.
- Universities*, the emoluments of the teachers in, how far calculated to promote their diligence, IV. 61. The professors at Oxford have mostly given up teaching, 62. Those in France subject to incompetent jurisdictions, 64. The privileges of graduates improperly obtained, *ibid.* Abuse of lectureships, 65. The discipline of, seldom calculated for the benefit of the student, 66. Are, in England, more corrupted than the public schools, 68. Original foundation of, 69. How Latin became an essential article in academical education, 70. How the study of the Greek language was introduced, 71. The three great branches of the Greek philosophy, 72. Are now divided into five branches, 75. The monkish course

## I N D E X.

of education in, 77. Have not been very ready to adopt improvements, 78. Are not well calculated to prepare men for the world, 79. How filled with good professors, or drained of them, 140. Where the worst and best professors are generally to be met with, 141. See *Colleges* and *Teachers*.

## W.

*Wages* of labor, how settled between masters and workmen, I. 99. The workmen generally obliged to comply with the terms of their employers, 100. The opposition of workmen outrageous, and seldom successful, 101. Circumstances which operate to raise wages, 103. The extent of wages limited by the funds from which they arise, 104. Why higher in North America, than in England, 105. Are low in countries that are stationary, 107. Not oppressively low in Great Britain, 111. A distinction made here between the wages in summer and in winter, *ibid*. If sufficient in dear years, they must be ample in seasons of plenty, 112. Different rates of, in different places, 113. Liberal wages encourage industry and propagation, 124. An advance of, necessarily raises the price of many commodities, 132. An average of, not easily ascertained, 134. The operation of high wages and high profits compared, 149. Causes of the variations of, in different employments, 152. {Are

generally higher in new, than in old trades, 176. 210. Legal regulations of, destroy industry and ingenuity, 220.

*Wages*, natural effect of a direct tax upon, IV. 231.

*Walpole*, Sir Robert, his excise scheme defended, IV. 267.

*Wants* of mankind, how supplied through the operation of labor, I. 33. How extended, in proportion to their supply, 256.

—— the far greater part of them supplied from the produce of other men's labor, II. 1.

*Wars*, foreign, the funds for the maintenance of, in the present century, have little dependence on the quantity of gold and silver in a nation, II 251.

—— how supported by a nation of hunters, III. 310. By a nation of husbandmen, 313. Men of military age, what proportion they bear to the whole society, 314. Feudal wars, how supported, 315. Causes which in the advanced state of society, rendered it impossible for those who took the field, to maintain themselves, 316. How the art of war became a distinct profession, 319. Distinction between the militia and regular forces, 322. Alteration in the art of war produced by the invention of fire-arms, 323. 336. Importance of discipline, 325. Macedonian army, 327. Carthaginian army, 328. Roman army, 329. Feudal armies, 332. A well-regulated standing army, the only defence of a civilized country,



# INDEX.

- and the only means for speedily civilizing a barbarous country, 334.
- War*, the want of parsimony during peace, imposes on states the necessity of contracting debts to carry it on, IV. 308. 325. Why war is agreeable to those who live secure from the immediate calamities of it, 326. Advantages of raising the supplies for, within the year, 336.
- Watch* movements, great reduction in the prices of, owing to mechanical improvements, I. 385.
- Wealth* and money, synonymous terms, in popular language, II. 231. 264. Spanish and Tartarian estimate of compared, 232.
- the great authority conferred by the possession of, III. 341.
- Weavers*, the profits of, why necessarily greater than those of spinners, I. 77.
- West Indies*, discovered by Columbus, III. 98. How they obtained this name, *ibid.* The original native productions of, 99. The thirst of gold the object of all the Spanish enterprises there, 103. And of those of every other European nation, 106. The remoteness of, greatly in favor of the European colonies there, III. The sugar colonies of France better governed than those of Britain, 143.
- Wheat*. See *Corn*.
- Window tax* in Britain, how rated, IV. 199. Tends to reduce house rent, 201.
- Windsor* market, chronological table of the prices of corn at, I. 403.
- Wine*, the cheapness of, would be a cause of sobriety, II. 334.
- the carrying trade in, encouraged by English statutes, III. 4.
- Wood* the price of, rises in proportion as a country is cultivated, I. 259. The growth of young trees prevented by cattle, 260. When the planting of trees becomes a profitable employment, *ibid.*
- Wool*, the produce of rude countries, commonly carried to a distant market, I. 360. The price of, in England, has fallen considerably since the time of Edward III. 363. Causes of this diminution in price, 364. The price of, considerably reduced in Scotland, by the union with England, 369.
- severity of the laws against the exportation of, III. 244. Restraints upon the inland commerce of, 246. Restraints upon the coasting trade of, 247. Pleas on which these restraints are founded, 248. The price of wool depressed by these regulations, 249. The exportation of, ought to be allowed, subject to a duty, 253.
- Woolen* cloth, the present prices of, compared with those at the close of the fifteenth century, I. 386. Three mechanical improvements introduced in the manufacture of, 389.

F I N I S.







